

**EXHIBIT I.A.355**

FORM OF UTGO SETTLEMENT AGREEMENT

## SETTLEMENT AGREEMENT

This Settlement Agreement ("**Agreement**") is entered into as of July 18, 2014, among the City of Detroit (the "**City**"), Ambac Assurance Corporation ("**Ambac**"), Assured Guaranty Municipal Corp. and Assured Guaranty Corp. (together, "**Assured**"), and National Public Finance Guarantee Corporation ("**NPFG**"). In this Agreement, each of the City, Ambac, Assured, and NPFG is referred to individually as a "**Party**"; Ambac, Assured, and NPFG (including their successors and assigns) are referred to collectively as the "**Bond Insurers**"; and the City and the Bond Insurers are referred to collectively as the "**Parties**."

### RECITALS

**WHEREAS**, as of the close of Fiscal Year 2013 (*i.e.*, June 30, 2013), the City had \$369.115 million in outstanding principal amount of unlimited tax general obligations bonds, excluding the 2010 Series A Bonds hereinafter mentioned (the "**Prior UTGO Bonds**");

**WHEREAS**, more than 90% of the Prior UTGO Bonds are insured by one of the three Bond Insurers under financial guaranty insurance policies (the "**Bond Insurance Policies**") that were issued contemporaneously with the respective Prior UTGO Bonds;

**WHEREAS**, the Governor of the State of Michigan determined on March 1, 2013 that a financial emergency existed in the City, and the Emergency Manager (together with any successors, the "**Emergency Manager**") was appointed for the City on March 14, 2013;

**WHEREAS**, on July 18, 2013 (the "**Petition Date**"), the City filed a voluntary petition for relief under chapter 9 of title 11 of the United States Code (the "**Bankruptcy Code**"), thereby commencing Bankruptcy Case No. 13-53846 (the "**Bankruptcy Case**") before the United States Bankruptcy Court for the Eastern District of Michigan (the "**Bankruptcy Court**");

**WHEREAS**, as of the Petition Date, the balance due on the Prior UTGO Bonds, including prepetition interest accrued as of that date, was \$374,686,297;

**WHEREAS**, on October 1, 2013, the City defaulted on its obligation to make interest payments on the Prior UTGO Bonds in the amount of \$9,372,276 and the Bond Insurers paid claims and were subrogated to the rights of the owners for such payments, and the insurance documents contemplate the assignment of the Prior UTGO Bonds to the Bond Insurers upon payment of a claim;

**WHEREAS**, on April 1, 2014, the City defaulted on its obligations on the Prior UTGO Bonds to pay interest in the amount of \$9,372,276 and to pay principal in the amount of \$38,205,000, and the Bond Insurers paid claims and were subrogated to the



rights of the owners for such payments, and the insurance documents contemplate the assignment of the Prior UTGO Bonds to the Bond Insurers upon payment of a claim;

**WHEREAS**, on November 8, 2013, Assured and NPFG filed an adversary proceeding against the City seeking declaratory relief with regard to their rights in respect of the Prior UTGO Bonds pending before the Bankruptcy Court (Adv. Proc. No 13-05309) (the “**Assured/NPFG Action**”), and Ambac filed an adversary proceeding against the City seeking declaratory relief with regard to its rights in respect of, *inter alia*, the Prior UTGO Bonds pending before the Bankruptcy Court (Adv. Proc. No 13-05310) (the “**Ambac Action**”);

**WHEREAS**, on or about February 21, 2014, each of the Bond Insurers filed proofs of claim in the Bankruptcy Case (the “**UTGO Claims**”) asserting claims against the City for the full amount of principal and interest due under the documents pursuant to which the Prior UTGO Bonds were issued (including post-petition interest), amounts due the Bond Insurers for payments pursuant to the Bond Insurance Policies, and contractual reimbursements due for charges, fees, costs, losses, liabilities and expenses incurred by the Bond Insurers in connection with the Bond Insurance Policies; and

**WHEREAS**, the Parties have engaged in good faith and arms’ length negotiations regarding a consensual resolution of their disputes under or in respect of the Prior UTGO Bonds, the Assured/NPFG Action, the Ambac Action, and the UTGO Claims;

**NOW, THEREFORE**, in consideration of the foregoing and the promises, mutual covenants, and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

## **ARTICLE I DEFINITIONS**

Section 1.1. **Recitals**. The recitals set forth above are incorporated by reference and are explicitly made a part of this Agreement.

Section 1.2. **Definitions**. In addition to the capitalized terms defined in the preamble and recitals, the following definitions shall apply to and constitute part of this Agreement and all schedules, exhibits and annexes hereto:

“**Act 436**” shall mean the Local Financial Stability and Choice Act of the State, Act 436 of 2012, Public Acts of Michigan, 2012.

“**Additional Bonds**” shall mean any unlimited tax general obligation bonds issued on a parity with the Prior UTGO Bonds, the UTGO Bonds and the 2010 Series A Bonds as to the Aggregate UTGO Tax Levy.



**“Additional DSA Debt”** has the meaning ascribed to it in Section 2.6(a).

**“Agreement to Deposit State Aid”** shall mean the agreement, dated as of the date of the issuance of the MFA Bonds, among the City, the State Treasurer and U.S. Bank National Association, as Master Trustee, providing for the deposit of Distributable State Aid payments by the State Treasurer directly into the funds and accounts held by the Master Trustee pursuant to the Master Indenture for purposes of retiring the Municipal Obligation for so long as the Municipal Obligation remains outstanding.

**“Aggregate UTGO Tax Levy”** shall mean all proceeds of the ad valorem tax millage levies, including delinquent millage payments received from Wayne County or otherwise, on account of unlimited tax general obligation bonds of the City, including the Prior UTGO Bonds (or after the Effective Date, the UTGO Bonds), the 2010 Series A Bonds and any Additional Bonds hereafter issued by the City.

**“Allowed Claim”** has the meaning ascribed to it in the Plan.

**“Ambac Action”** has the meaning ascribed to it in the recitals hereof.

**“Approval Motion”** shall mean a motion filed by the City with the Bankruptcy Court in accordance with Section 2.8(c), seeking entry of the Approval Order pursuant to Federal Rule of Bankruptcy Procedure 9019, which motion shall be in form and substance reasonably satisfactory to the Parties.

**“Approval Order”** shall mean an order of the Bankruptcy Court (other than the Plan Confirmation Order) approving the compromise and settlement set forth in this Agreement authorizing and directing the consummation of the transactions contemplated herein, which order shall be in a form and substance reasonably satisfactory to the Parties.

**“Assigned UTGO Bond Tax Proceeds”** has the meaning ascribed to it in Section 2.1(b)(i).

**“Assured/NPFG Action”** has the meaning ascribed to it in the recitals hereof.

**“Bankruptcy Case”** has the meaning ascribed to it in the recitals hereof.

**“Bankruptcy Code”** has the meaning ascribed to it in the recitals hereof.

**“Bankruptcy Court”** has the meaning ascribed to it in the recitals hereof.

**“Bond Insurance Policies”** has the meaning ascribed to it in the recitals hereof.

**“Bond Insurer Claims”** has the meaning ascribed to it in Section 2.1.

**“Bond Insurer Exculpated Parties”** means the Bond Insurers solely in their capacity as insurers of the Prior UTGO Bonds, and their respective parents, affiliates, shareholders, directors, officers, managers, employees, agents, attorneys, advisors, accountants, restructuring consultants, financial advisors and investment bankers, solely in their capacity as such.

**“Claim”** shall mean a “claim” as defined in Section 101(5) of the Bankruptcy Code.

**“Class”** means each class of Claims established under the Plan.

**“Debt Millage Escrow Agreement”** shall mean an escrow agreement substantially in the form of Exhibit A hereto between the City and U.S. Bank National Association as escrow trustee providing, among other things, for the deposit and distribution of the Aggregate UTGO Tax Levy collected by the City, to be executed and delivered on the date of this Agreement.

**“Debt Millage Escrow Trustee”** has the meaning ascribed to it in Section 2.4(a).

**“Distributable State Aid”** shall mean the shared revenue payments that the City is entitled to receive from the State under the Michigan Constitution and the provisions of the Glenn Steil State Revenue Sharing Act, Act 140, Public Acts of Michigan, 1971, as amended (**“Act 140”**) in each City fiscal year ending June 30.

**“DSA Deposit”** has the meaning ascribed to it in Section 2.5(c).

**“DSA Deposit Date”** has the meaning ascribed to it in Section 2.5(c).

**“Deposit Date Balance Requirement(s)”** has the meaning ascribed to it in Section 2.5(c).

**“Deposit Date Balance Requirement for the Municipal Obligation”** has the meaning ascribed to it in Section 2.5(e).

**“DSA Escrow Funds”** has the meaning ascribed to it in Section 2.5(b).

**“DTC System”** shall mean the system maintained by the Depository Trust Company used for trading municipal securities.

**“Effective Date”** shall mean the effective date of any Plan.

**“Emergency Manager”** has the meaning ascribed to it in the recitals hereof.

**“Emergency Manager Order”** shall mean an order of the Emergency Manager in substantially the form attached hereto as Exhibit B.



**“Event of Default”** has the meaning ascribed to it in Section 4.1.

**“Existing DSA Debt”** has the meaning ascribed to it in Section 2.6(a).

**“Final Order”** shall mean an order or judgment including any associated findings of fact and conclusions of law of the Bankruptcy Court or other court of competent jurisdiction with respect to the applicable subject matter which has not been reversed, stayed, modified or amended and as to which (a) any right to appeal or seek certiorari, review, reargument, stay or rehearing has expired and no appeal or petition for certiorari, review, reargument, stay or rehearing is pending, or (b) an appeal has been taken or petition for certiorari, review, reargument, stay or rehearing has been filed and (i) such appeal or petition for certiorari, review, reargument, stay or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay or rehearing was sought or (ii) the time to appeal further or seek certiorari, review, reargument, stay or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay or rehearing is pending; provided, however, that the possibility that a motion pursuant to Rule 60 of the Federal Rules of Civil Procedure or Federal Rule of Bankruptcy Procedure 9024 may be filed relating to such order shall not cause such order to not be a Final Order.

**“Financial Terms”** has the meaning ascribed to it in Section 2.2.

**“Hard Pay Instruments”** has the meaning ascribed to it in Section 2.11(a)(i).

**“Holders Restructured UTGO Bonds”** has the meaning ascribed to it in Section 2.1(a).

**“Holder”** shall mean the holder of a Claim under or evidenced by the Prior UTGO Bonds.

**“Impaired Financial Creditors”** has the meaning ascribed to it in Section 2.11(a).

**“Insurer Owned Restructured UTGO Bonds”** has the meaning ascribed to it in Section 2.1(a).

**“Master Indenture”** shall mean the Master Debt Retirement Trust Indenture dated as of March 1, 2010 by and between the City and U.S. Bank National Association, Detroit, Michigan, as Master Trustee, as supplemented by the First Supplemental Debt Retirement Trust Indenture dated as of March 1, 2010, by the Second Supplemental Debt Retirement Trust Indenture dated as of December 1, 2010, the Third Supplemental Debt Retirement Trust Indenture dated as of March 1, 2012, the Fourth Supplemental Debt Retirement Trust Indenture dated as of August 1, 2012 and by the Fifth Supplemental Debt Retirement Trust Indenture to be dated as of the first day of the



month of the issuance of the MFA Bonds, by and between the City and the Master Trustee.

**“Master Trustee”** shall mean U.S. Bank National Association, Detroit, Michigan, as trustee under the Master Indenture or any successor trustee appointed pursuant to the terms of the Master Indenture.

**“MFA Bonds”** has the meaning ascribed to it in Section 2.2.

**“Municipal Obligation”** has the meaning ascribed to it in Section 2.2.

**“Plan”** shall mean the chapter 9 plan of adjustment filed by the City and incorporating the terms and conditions set forth in this Agreement, in substantially the form of the draft thereof dated May 5, 2014, as such plan may be amended, modified or supplemented from time to time, which plan, as it relates to this Settlement Agreement, shall be in form and substance reasonably satisfactory to the Bond Insurers.

**“Plan Confirmation Order”** shall mean findings of fact and an order of the Bankruptcy Court confirming the Plan and meeting the requirements of Section 2.9 of this Agreement.

**“Plan Documents”** shall mean the Plan, the Plan Confirmation Order and any Plan related documents effectuating this Agreement.

**“Plan Instruments”** shall have the meaning ascribed to it in Section 2.11(a)(ii).

**“Prior UTGO Bonds”** has the meaning ascribed to it in the recitals hereof.

**“Pro Rata”** shall mean the proportion that a claim of one Holder of Restructured UTGO Bonds bears to the aggregate of all claims of all of the Holders of Restructured UTGO Bonds.

**“Restructured UTGO Bonds”** has the meaning ascribed to it in Section 2.1.

**“Series 2014 DSA Escrow Fund”** has the meaning ascribed to it in Section 2.5(d).

**“Settlement Escrow Agreement”** has the meaning ascribed to it in Section 2.8.

**“Settlement-Related Documents”** shall mean this Agreement, the Plan Documents, the Approval Order (if applicable), the Debt Millage Escrow Agreement, the Settlement Escrow Agreement, the Restructured UTGO Bonds, the Stub UTGO Bonds, the Municipal Obligation, the MFA Bonds and all documents related to the MFA Bonds

(other than a Bond Insurer's insurance policies related to the MFA Bonds, Restructured UTGO Bonds and the Stub UTGO Bonds), each of which shall be in form and substance reasonably satisfactory to the Parties (and, in the case of the Plan Documents, solely as they relate to this Agreement).

**"Shared Credit Rating Act"** shall mean the Shared Credit Rating Act, Act No. 227 of the Public Acts of 1985 of the State, as from time to time amended.

**"Soft Pay Instruments"** has the meaning ascribed to it in Section 2.11(a)(ii).

**"State"** shall mean the State of Michigan.

**"State Treasurer"** shall mean the State Treasurer of the State.

**"Stub UTGO Bonds"** has the meaning ascribed to it in Section 2.1(b).

**"Stub UTGO Challenge"** has the meaning ascribed to it in Section 6.3(b).

**"Syncora"** shall mean Syncora Capital Assurance Inc. and Syncora Guarantee Inc. as insurer of the Series 2003(A) Unlimited Tax General Obligation Bonds.

**"2010 Senior Bonds"** has the meaning ascribed to it in Section 2.3(d)(i).

**"2010 Series A Bonds"** shall mean the City's \$100,000,000 Distributable State Aid Second Lien Bonds (Unlimited Tax General Obligation), Series 2010 (A) (Taxable Recovery Zone Economic Development Bonds-Direct Payment).

**"Third Lien Bonds"** has the meaning ascribed to it in Section 2.3(d)(iii).

**"Top-Off Payments"** has the meaning ascribed to it in Section 2.11(b).

**"Trigger Event"** has the meaning ascribed to it in Section 2.11(b).

**"Trigger Payments"** has the meaning ascribed to it in Section 2.11(b).

**"UTGO Bond Tax Levy"** shall mean that portion of the Aggregate UTGO Tax Levy in the amount that was allocable to the Prior UTGO Bonds.

**"UTGO Bonds"** shall mean the Municipal Obligation and the Stub UTGO Bonds.

**"UTGO Claims"** has the meaning ascribed to it in the recitals hereof.

**"UTGO Litigation"** has the meaning ascribed to it in Section 2.13.



Section 1.3. Interpretation. The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties hereto and no presumption or burden of proof will arise favoring or disfavoring any Party hereto because of the authorship of any provision of this Agreement.

Section 1.4. General Rules of Construction. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires

(a) Defined terms in the singular shall include the plural as well as the singular, and vice versa.

(b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles. All references herein to “generally accepted accounting principles” refer to such principles as they exist at the date of application there.

(c) All references in this instrument to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(d) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

(e) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(f) The term “person” shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization and any government or agency or political subdivision thereof.

## **ARTICLE II SETTLEMENT TERMS**

Section 2.1. Claim Treatment. The City hereby agrees that the total Allowed Claim relating to the Prior UTGO Bonds will be \$388,000,000, allocated as follows:

(a) \$287,560,790 of the Prior UTGO Bonds which mature on or after April 1, 2015 will be restructured and allocated (i) among the Holders of the Prior UTGO Bonds which mature on or after April 1, 2015 on a Pro Rata basis, as set forth on



Schedule 1a annexed hereto (the “**Holders Restructured UTGO Bonds**”) and (ii) the Bond Insurers and Syncora, as set forth on Schedule 1b (the “**Insurer Owned Restructured UTGO Bonds**”) and, together with the Holders Restructured UTGO Bonds, the “**Restructured UTGO Bonds**”), and the Restructured UTGO Bonds will be restructured by delivery of the Municipal Obligation to the MFA and the delivery by the MFA of the MFA Bonds as described in Section 2.2 below, which, as restructured through the MFA, will be a full faith and credit general obligation payable from all legally available resources and secured, to the extent permitted by law, including Section 12(1)(x) of Act 436, by a lien upon the UTGO Bond Tax Levy, and payable and further secured by a lien on Distributable State Aid as provided in Section 2.3(a)(iii); and

(b) The remainder of the Prior UTGO Bonds (the “**Stub UTGO Bonds**”) which mature on or after April 1, 2015, in the principal amount of \$43,349,210, will be reinstated and remain outstanding, and will be payable from the UTGO Bond Tax Levy, subject to the following terms and conditions:

(i) The Holders’ rights to the proceeds of the UTGO Bond Tax Levy in an amount equal to the principal and interest payable on the Stub UTGO Bonds (but subject to the prior rights of the holders of the Municipal Obligation) will be assigned under and pursuant to the Plan (without any consent or action on the part of, or additional consideration payable to, the Bond Insurers or the Holders) to a designee or designees of the City (the “**Assigned UTGO Bond Tax Proceeds**”), and such proceeds will not be paid to the paying agent for the UTGO Bonds.

(ii) The obligations of the Bond Insurers to the Holders of the Prior UTGO Bonds that are not Holders Restructured UTGO Bonds under the existing applicable Bond Insurance Policies shall be unchanged.

(c) The Bond Insurers shall be granted Allowed Claims for all amounts actually paid by the Bond Insurers to Holders of the Prior UTGO Bonds together with any policy advances made from and after the Effective Date by the Bond Insurers in respect of the Stub UTGO Bonds pursuant to this Agreement up to an aggregate amount of \$100.5 million (the “**Bond Insurer Claims**”), which Allowed Claims shall receive distributions only when and if the Most Favored Nations clause set forth in Section 2.11 becomes operative and only pursuant to the terms of such Most Favored Nations clause.

**Section 2.2. Restructuring of Restructured UTGO Bonds by Delivery of Municipal Obligation to MFA and Delivery of MFA Bonds.**

(a) On or before the Effective Date (i), the Restructured UTGO Bonds will be restructured as follows: By execution of the Emergency Manager Order the City will authorize the issuance and delivery of a local government municipal obligation (the “**Municipal Obligation**”) to the Michigan Finance Authority (“**MFA**”), in accordance with applicable law, (ii) the City will request the MFA to issue its Local Government Loan Program Revenue Bonds, Series 2014 (City of Detroit Unlimited Tax General Obligation Restructured Local Project Bonds) (the “**MFA Bonds**”), and (iii) the



MFA Bonds shall be distributed Pro Rata to the Holders of the Holders Restructured UTGO Bonds as set forth on Schedule 1a annexed hereto and among the Bond Insurers and Syncora as set forth on Schedule 1b annexed hereto. The Municipal Obligation and the MFA Bonds will have the same principal amount (rounded down for each denomination to the nearest whole dollar), interest rate, payment dates, amortization schedule, prepayment terms (including first call date) and other financial terms (other than the pledge of Distributable State Aid and the priority of payment from the UTGO Bond Tax Levy relative to the Stub UTGO Bonds) as the Restructured UTGO Bonds (the "**Financial Terms**"). The MFA Bonds will be limited obligations of the MFA, payable from and secured by (i) payments made by the City on the Municipal Obligation and all right, title and interest in and to the Municipal Obligation, which shall include, to the extent permitted by applicable law, including without limitation Section 12(1)(x) of Act 436, a lien on the portion of the UTGO Bond Tax Levy allocable to the Municipal Obligation, pledged by the City to secure the Municipal Obligation as required by Section 2.3(a), and (ii) a lien, made a statutory lien as provided by the Shared Credit Rating Act, on moneys in the funds and accounts established for the MFA Bonds under the authorizing resolution for such bonds, including payments pledged by the City and received and held by the MFA or its trustee for the MFA Bonds, which include, without limitation, all payments of (x) the proceeds of the UTGO Bond Tax Levy and (y) Distributable State Aid deposited as described in Sections 2.4 and 2.5.

(b) All documents relating to the Municipal Obligation and the MFA Bonds will be in form and substance reasonably satisfactory to the Bond Insurers. Such documentation will include that the Master Indenture will not be amended in any manner which adversely affects the MFA Bonds or the rights of the Bond Insurers. Each Bond Insurer will insure the Series of MFA Bonds relating to the Holders Restructured UTGO Bonds originally insured by such Bond Insurer set forth on Schedule 1a attached hereto by either (i) issuing a new bond insurance policy (and to the extent applicable canceling the existing policy), (ii) endorsing its existing Bond Insurance Policy or (iii) amending its existing Bond Insurance Policy.

(c) Each of the MFA Bonds will be freely transferable through the DTC System under a unique CUSIP identification number that is separate and distinct from the CUSIP identification number for the Stub UTGO Bonds or, if the DTC System is discontinued with respect to the MFA Bonds, in such other manner as is permitted in accordance with their terms.

(d) The paying agent for the Prior UTGO Bonds shall issue new certificates representing the Stub UTGO Bonds to the Holders in principal amounts representing the balance of each Holder's Prior UTGO Bonds not restructured through the delivery of the MFA Bonds.

Section 2.3. The Municipal Obligation and Distributable State Aid.  
The City agrees, with the cooperation of the MFA, to restructure the Restructured UTGO Bonds as the Municipal Obligation as of the Effective Date. The City covenants and agrees that:



(a) The Municipal Obligation:

(i) will be approved pursuant to the Emergency Manager Order and in accordance with all applicable laws;

(ii) will be payable from the unlimited tax full faith, credit and resources of the City and the UTGO Bond Tax Levy and secured, to the extent permitted by law, including without limitation Section 12(1)(x) of Act 436, by a lien granted by the City on the UTGO Bond Tax Levy pursuant to the Emergency Manager Order, the grant of which will be confirmed by the Bankruptcy Court in the Plan Confirmation Order (or, if applicable, the Approval Order);

(iii) also will be secured by and payable from a portion of the City's Distributable State Aid, subject to a statutory lien and trust as provided in section 15(2) of the Shared Credit Rating Act;

(iv) will have the same rights (other than priority) in and to the Distributable State Aid, and have the same protections (including, without limitation, a statutory lien to the same extent the 2010 Series A Bonds are secured by a statutory lien), as the 2010 Series A Bonds, except that the City's Deposit Date Balance Requirement (as defined in Section 2.5) with respect to the Municipal Obligation shall be as described in paragraph 2.5(e) below;

(v) will have the identical Financial Terms as the Restructured UTGO Bonds; and

(vi) will be pledged by the MFA to the bond trustee for the holders of the MFA Bonds pursuant to a resolution of the MFA authorizing the issuance of the MFA Bonds.

(b) The UTGO Bond Tax Levy shall be escrowed and used to pay the Municipal Obligation prior to the use of Distributable State Aid in the same manner as provided for the 2010 Series A Bonds, as described herein.

(c) Distributable State Aid will be pledged by the City and secured by a lien under the Master Indenture to be used for the purpose of paying principal of and interest on the Municipal Obligation and any additional bonds or other future obligations issued by the City and secured by Distributable State Aid.

(d) The lien on Distributable State Aid for the Municipal Obligation will be a fourth priority lien, subordinate, as of the MFA Bonds issuance date, only to the following:

(i) the first priority lien on Distributable State Aid for the City's \$249,790,000 Distributable State Aid General Obligation Limited Tax Bonds, Series 2010 (the "**2010 Senior Bonds**");



(ii) the second priority lien on Distributable State Aid for the City's 2010 Series A Bonds, which lien in favor of the 2010 Series A Bonds is subordinate to the lien in favor of the 2010 Senior Bonds; and

(iii) the third priority lien on Distributable State Aid for the City's third-lien limited tax general obligations bonds (the "**Third Lien Bonds**") securing the MFA's \$129,520,000 Local Government Loan Program Revenue Bonds, Series 2012C (City of Detroit Limited Tax General Obligation Local Project Bonds Third Lien), which lien in favor of the Third Lien Bonds is subordinate to the lien in favor of the 2010 Series A Bonds.

(e) The Emergency Manager shall issue the Emergency Manager Order in substantially the form attached hereto as Exhibit B.

#### Section 2.4. Escrow and Application of Aggregate UTGO Tax Levy.

(a) The City agrees that, pursuant to documentation in form and substance satisfactory to the Parties, proceeds of the Aggregate UTGO Tax Levy collected by the City will be segregated and transmitted no less often than as provided in the schedule of Statutory Tax Collection Distribution Dates published by the Bureau of Local Government Services of the Michigan Department of Treasury, and in any event, no less often than (x) bi-monthly during the period beginning each July 1 and ending the following March 31, and (y) monthly during the period beginning April 1 and ending the following June 30 of each year, to U.S. Bank National Association as escrow trustee (the "**Debt Millage Escrow Trustee**"), to be held and distributed pursuant to the terms and conditions of the Debt Millage Escrow Agreement. The Debt Millage Escrow Trustee shall be required to allocate the revenue pro rata, as required by the Debt Millage Escrow Agreement, among the outstanding UTGO Bonds, the 2010 Series A Bonds, and any Additional Bonds.

(b) Proceeds of the Aggregate UTGO Tax Levy allocated to the UTGO Bonds will be transferred promptly by the Debt Millage Escrow Trustee (i) first, for deposit to the Tax Levy Account held by the Master Trustee for the Municipal Obligation in an amount sufficient, together with funds already on deposit therein to pay debt service due on the Municipal Obligation on or before the April 1 following such deposit, together with any past due debt service on the Municipal Obligation, and (ii) second, to the assignee of the rights to payment from the Assigned UTGO Bond Tax Levy of amounts payable on the Stub UTGO Bonds on or before the April 1 following such deposit, an amount equal to the scheduled debt service on the Stub UTGO Bonds. Proceeds of the Aggregate UTGO Bond Tax Levy transferred to the Master Trustee for the purpose of paying debt service on the Municipal Obligation will be held in trust under applicable State law.

(c) Neither the Holders of the MFA Bonds nor the Bond Insurers will seek payment from the proceeds of the UTGO Bond Tax Levy in excess of the amounts necessary to pay the Municipal Obligation scheduled annual debt service



plus any amount necessary to pay past due Municipal Obligation debt service plus any amounts required by Section 2.14(b).

Section 2.5. Distributable State Aid and Flow of Funds.

(a) Pursuant to the Agreement to Deposit Distributable State Aid, the State Treasurer has agreed to deliver 100% of the Distributable State Aid due the City to the Master Trustee for deposit under the Master Indenture for as long as the Municipal Obligation is outstanding. Payments by the State Treasurer of Distributable State Aid will be deposited directly into the funds and accounts held by the Master Trustee in accordance with and as provided by the Agreement to Deposit Distributable State Aid and the Master Indenture. Distributable State Aid payments made to the Master Trustee for the purpose of paying debt service on the Municipal Obligation will be held in trust and subject to a statutory lien under applicable State law.

(b) The Master Trustee will be required to deposit all of the City's Distributable State Aid in the Debt Retirement Fund established under the Master Indenture and allocate and set aside Distributable State Aid into the various Distributable Aid Escrow Funds as provided in the Master Indenture, including, without limitation, the Series 2014 DSA Escrow Fund defined in Section 2.5(d) below (the "**DSA Escrow Funds**") created pursuant to one or more supplemental indentures to the Master Indenture for the purpose of accumulating Distributable State Aid in amounts required by such supplemental indentures to be deposited in the DSA Escrow Funds by the dates specified in such supplemental indentures to pay debt service on the bonds and obligations of the City secured by a pledge of Distributable State Aid.

(c) On each date that the State Treasurer deposits a payment of the City's Distributable State Aid (each a "**DSA Deposit**") with the Master Trustee (each a "**DSA Deposit Date**"), the Master Trustee shall set-aside such amounts as shall be sufficient to fund the minimum balances required to be on deposit in each DSA Escrow Fund to pay the then current annual principal and interest requirements on the related obligation as provided in the Master Indenture (each, a "**Deposit Date Balance Requirement**") and collectively the "**Deposit Date Balance Requirements**"). Any amounts remaining in the Debt Retirement Fund after the setting aside of the amounts necessary to satisfy the Deposit Date Balance Requirements of all DSA Escrow Funds, shall be released to the City for deposit to the General Fund of the City.

(d) On or before the Effective Date, the City pursuant to a supplemental indenture to the Master Indenture shall establish with the Master Trustee a Series 2014 DSA Escrow Fund (the "**Series 2014 DSA Escrow Fund**") for the purpose of accumulating Distributable State Aid in sufficient amounts to pay debt service on the Municipal Obligation. Moneys on deposit in the Series 2014 DSA Escrow Fund shall be held and withdrawn by the Master Trustee solely for the purpose of paying to the bond trustee for the holders of the MFA Bonds (as assignee of the MFA) the principal of and interest on the Municipal Obligation when due and payable, which payments will be used to make corresponding payments of principal and interest on the MFA Bonds. Within the



Series 2014 DSA Escrow Fund there shall be created three separate and segregated sub-accounts designated the "Distributable Aid Account," the "Tax Levy Account," and the "General Account." Proceeds of the Aggregate UTGO Tax Levy allocated to the Municipal Obligation and transferred to the Master Trustee by the Escrow Agent pursuant to Section 2.4(b)(i) shall be deposited to the Tax Levy Account and used as described in subsection (f) below. That portion of Distributable State Aid necessary to pay the principal of and interest on the Municipal Obligation when due, shall be set aside and maintained in the Distributable Aid Account and used as described in subsection (e) below. All other moneys deposited to the Series 2014 DSA Escrow Fund from time to time by the City shall be set aside and maintained in the General Account and used as described in subsection (f) below.

(e) To the extent the Master Trustee does not have on deposit in the Tax Levy Account the required portions of principal and interest due on the next October 1 or April 1 on the first day of each month set forth below (the "**Deposit Date Balance Requirement for the Municipal Obligation**"), the Master Indenture will provide for the deposit of all, or such lesser amount as is necessary to correct the deficiency in the Deposit Date Balance Requirement for the Municipal Obligation, of that month's distribution of Distributable State Aid into the Distributable State Aid Account of the Series 2014 DSA Escrow Fund (after all deposits to DSA Escrow Funds established to pay debt service on obligations of the City having priority over the Municipal Obligation). The Deposit Date Balance Requirement for the Municipal Obligation will be as follows:

#### DEPOSIT DATE BALANCE REQUIREMENT

MONTH OF DSA PAYMENT	PORTION OF NEXT MUNICIPAL OBLIGATION INTEREST PAYMENT	PORTION OF NEXT MUNICIPAL OBLIGATION PRINCIPAL PAYMENT
November	1/3	4/6
January	2/3	5/6
March	100%	100%
September	100%	3/6

(f) Amounts on deposit in the Series 2014 DSA Escrow Fund shall be withdrawn from the DSA Escrow Fund for the purpose of paying debt service on the Municipal Obligation when due to the bond trustee for the holders of the MFA Bonds (as assignee of the MFA), which payments will be used to make corresponding payments of principal and interest on the MFA Bonds. Amounts shall be debited first from the Tax Levy Account in an amount necessary to pay the principal of and interest on the



Municipal Obligation on the corresponding payment date, and thereafter, if the amount on deposit in the Tax Levy Account is not sufficient to make the payments required, the amount necessary to satisfy the deficiency shall be debited, first, from the Distributable Aid Account, and second, from the General Account.

Section 2.6. Additional Indebtedness. From and after the date of this Agreement and, pursuant to documentation in form and substance satisfactory to the Parties, until the MFA Bonds have been paid in full:

(a) the City shall not incur, or permit to be outstanding, debt secured by a lien on the Distributable State Aid that is senior to the lien securing the Municipal Obligation, other than debt secured by a lien on the Distributable State Aid on the date of this Agreement ("Existing DSA Debt") and additional debt ("Additional DSA Debt") secured on a second or third lien level so that the aggregate principal amount of (x) Existing DSA Debt (as of the effective date of this Agreement – i.e., \$479,310,000) plus (y) the Additional DSA Debt thereafter issued will not exceed \$560,000,000, provided that, with respect to any Additional Debt the existing financial covenants in the Master Indenture restricting the issuance of additional bonds under the Master Indenture are satisfied.

(b) Notwithstanding clause (a), the City may issue first, second or third lien refunding bonds secured pursuant to the Master Indenture so long as any such refunding issuance results in debt service savings by the City in each year that such refunding bonds will be outstanding (based upon the amortization schedule in effect prior to the time of such refunding) or, if the last maturity of the MFA Bonds is prior to final maturity of the refunding bonds then to be issued, then in each year during which the MFA Bonds are outstanding.

(c) The City shall not incur debt secured by a lien on the Distributable State Aid that is pari passu with the lien securing the Municipal Obligation.

(d) The City may incur debt secured by a lien on the Distributable State Aid that is junior and subordinate to the lien securing the Municipal Obligation.

Section 2.7. Levy and Collection of the Ad Valorem Debt Millage.

The Settlement-Related Documents will provide that:

(a) The City shall impose in each year a separate debt millage levy reasonably projected to be in an amount necessary to pay the debt service coming due on all unlimited tax general obligation bonds (including both the Municipal Obligation and the Stub UTGO Bonds) before the next annual tax levy, including any past due amounts, plus any amounts necessary to reimburse the City for other City funds used to pay prior debt service, less any millage proceeds or other funds already on deposit with the Debt Millage Escrow Trustee which are available to pay the debt service next



coming due. The City shall comply with applicable law in levying and collecting ad valorem millage levied to pay all unlimited tax general obligation bonds.

(b) The City shall certify annually not later than June 30 in each year that it has imposed the debt millage levy as required by and in accordance with Section 2.7(a). Such annual certification shall be in the form attached hereto as Exhibit C and shall be promptly provided to the Bond Insurers.

(c) The City shall furnish to the Bond Insurers promptly upon request such information reasonably requested by the Bond Insurers to confirm the imposition of the debt millage levy and to monitor collections. The Bond Insurers shall have the right to discuss such information with the City, and the City will use reasonable efforts to explain the collection process to the Bond Insurers, including the allocation methods used for partial property tax payments.

#### Section 2.8. Plan Effectiveness and Escrowing of Payments.

(a) If the Effective Date of the Plan does not occur on or prior to September 30, 2014 for any reason other than proximately by reason of the actions or positions taken by any of the executing Bond Insurers, or their failure to support the Plan as provided in Section 3.1 below, solely in their capacity as the insurers of the Prior UTGO Bonds and not in any other capacity (including, for the avoidance of doubt in their capacity as insurers of any other obligations of the City), the City will pay into an escrow to be established with the current paying agent for the Prior UTGO Bonds the pro rata portion of the October 2014 scheduled interest debt service payment and any pro rata payments of principal and interest due thereafter, which would otherwise be paid on the Restructured UTGO Bonds, as if the transaction contemplated by this Agreement (other than the MFA Bond issuance) had closed. Specifically, and for clarification of the City's obligation under this paragraph, the City will pay into escrow the pro rata portion of scheduled debt service payments on the \$287.56 million of Restructured UTGO Bonds due after September 30, 2014 through the Effective Date of the Plan, on the same terms and schedule as set forth in the current documents governing the Prior UTGO Bonds, which, subject to Section 2.8(b) below, such escrowed funds shall be released to the Bond Insurers on the Effective Date of the Plan. Such escrow shall be pursuant to the Settlement Escrow Agreement ("Settlement Escrow Agreement") in the form of Exhibit D attached hereto, which will be executed and delivered on the date of the execution and delivery of this Agreement.

(b) If the Plan is not effective by March 31, 2015, and the Bankruptcy Court has issued an Approval Order (that is not stayed pending appeal) approving the settlement embodied in this Agreement, then on [March 31, 2015] the monies in such escrow will be released to the Bond Insurers, and the City will make all subsequent debt service payments, including the payment due on April 1, 2015, directly to the paying agent for the Prior UTGO Bonds as if the Restructured UTGO Bonds transaction (other than the MFA Bond issuance) had closed. If an Approval Order is entered but is subject to a stay pending appeal, the City shall continue to pay into escrow



the scheduled debt service on the Prior UTGO Bonds for so long as such stay remains in effect, and shall release all monies in the escrow accounts as soon as such order is no longer subject to stay.

(c) If the Plan is not effective by September 30, 2014, then within fifteen (15) days of a request by the Bond Insurers, the City shall file an Approval Motion pursuant to Bankruptcy Rule 9019 with the Bankruptcy Court. The City and the Bond Insurers may mutually make an Approval Motion pursuant to Bankruptcy Rule 9019 at any time upon mutual agreement of the City and the Bond Insurers.

Section 2.9. Confirmation Order and Findings. The Plan Confirmation Order shall include provisions substantially in the form of Exhibit E. Any material modification to such provisions shall be reasonably satisfactory to the Parties.

Section 2.10. Conditions to Plan Effectiveness. The Plan shall provide that the effectiveness of the Plan is subject to the following conditions:

(a) The Michigan Finance Authority board shall have approved the issuance of the MFA Bonds and such bonds shall have been issued; and

(b) The City shall have obtained all governmental and Emergency Manager consents and approvals required to carry out the terms of this Agreement.

Section 2.11. Most Favored Nation. In recognition of the unique features of the UTGO Bonds and in consideration of the settlement, the City agrees that the Bond Insurers will benefit from a "most favored nation" provision consisting of the two fundamental protections below and that such provision will be described in the Plan. Further, the City agrees that, if a class of Impaired Financial Creditors receives treatment other than the current treatment in the *Fourth Amended Plan for the Adjustment of Debts of the City of Detroit (May 5, 2014)* [Docket No. 4392], such class' treatment in the Plan will include the existence of this "most favored nation" provision.

(a) Recovery Percentage Projected as of Confirmation Date. Under no circumstances shall the terms of the Plan permit either of the Limited Tax General Obligation Claims or the COP Claims (each as defined in the Plan and collectively, the "**Impaired Financial Creditors**") to recover more on a percentage basis than the UTGO Claims as projected at Plan confirmation. In determining whether a Class of Impaired Financial Creditors will recover more on a percentage basis than the UTGO Claims as projected at Plan confirmation, the recovery percentage for each of the Impaired Financial Creditors' Claims will be the sum of:

(i) the percentage that any cash payments and the principal amount of any "hard pay" instrument, combination of instruments or any other evidences of indebtedness or payment obligations of any kind (collectively, the "**Hard Pay Instruments**") provided to such Impaired Financial Creditor Class under the Plan is



of the aggregate amount of all the Allowed Claims in such Impaired Financial Creditor Class; and

(ii) the percentage that the reasonably anticipated recovery (as reasonably determined by the City as of Plan confirmation and as disclosed to creditors subject to the Bond Insurers' right to contest such determination as part of the confirmation hearing) on account of any "soft pay", contingent, or similar type of instrument, combination of instruments or any other evidences of indebtedness, contracts or settlements creating payment obligations of any kind including, without limitation, payment obligations relating to a sale, lease, privatization, public private partnership or similar arrangement or the value of any assets projected to be distributed or promised revenue streams or recoveries of any kind (collectively, the "**Soft Pay Instruments**" and together with the Hard Pay Instruments, the "**Plan Instruments**") provided to such Impaired Financial Creditor Class under the Plan is of the aggregate amount of all the Allowed Claims in such Impaired Financial Creditor Class.

(b) **Actual Recovery Percentage Post-Confirmation.** In the event the actual recovery percentage of any Impaired Financial Creditor Class on the aggregate Plan Instruments provided to such Impaired Financial Creditor's Class would result in such Class receiving 69.5% or more of the aggregate amount of all the Allowed Claims in any such Class (the "**Trigger Event**"), then payments that contribute to the Impaired Financial Creditor Class receiving a recovery over 69.5% (the "**Trigger Payments**") shall be made under such Plan Instruments to the Bond Insurers ("**Top-Off Payments**") on account of the Bond Insurer Claims in amounts equal to the following:

- (i) the amount of the Trigger Payment, multiplied by
- (ii) the quotient of
  - (A) \$100.5 million, divided by
  - (B) the sum of (x) 30.5% of the aggregate amount of all the Allowed Claims in the particular Impaired Financial Creditor Class, and (y) \$100.5 million.

For purposes of this sub-section, all actual recoveries for Impaired Financial Creditor Classes shall be determined by discounting the payments using a 5% discount rate back to the date of Plan confirmation. Amounts payable to the Bond Insurers pursuant to the provisions of this Section 2.11 will be allocated to the Bond Insurers as set forth on Schedule 2 attached hereto.

(c) **Reporting.** The City shall deliver to the Bond Insurers:

- (i) promptly after the first payment is made thereunder, a written notice of any payment under any Soft Pay Plan Instrument benefiting any Impaired Financial Creditor Class, including the amount and date of such payment;



(ii) on each January 15 of every year beginning in the year after the first payment is made on any Soft Pay Plan Instrument benefiting any Impaired Financial Creditor Class and until the maturity date of the Soft Pay Instrument, a written report calculating the aggregate recovery percentage of each Impaired Financial Creditor Class;

(iii) after any Impaired Financial Creditor Class achieves a recovery percentage on the aggregate amount of all the Allowed Claims in such class equal to or greater than 60%, on each January 15 and July 15, a written report calculating the aggregate recovery percentage of each Impaired Financial Creditor Class;

(iv) after a Trigger Event occurs, a written report on each date that a payment is made under any Plan Instruments held by or benefiting an Impaired Financial Creditor Class that explains the calculation for the Trigger Payment and the Top-Off Payment and demonstrates compliance with the terms of this Agreement; and

(v) written notice in the event any Impaired Financial Creditor challenges or disagrees in any manner with the determination of any payments related to a Trigger Payment.

The City official executing any written notice or written report described above will respond within a reasonable time to written inquiries from any Bond Insurer regarding such notice or report. In the event any Bond Insurer or Insurers make a written request to meet with such City official, such City Official will meet within a reasonable time period with such Bond Insurer or Insurers to answer their reasonable questions regarding any such notice or report.

(d) Dispute Resolution. In the event any of the Bond Insurers provides a written notice to the City articulating disagreement with the City's determination of whether a Trigger Event has occurred or with the amount of shared payments after a Trigger Event pursuant to subsection 2.11(c)(iv), the City will notify all Bond Insurers and meet with the Bond Insurers within 15 business days of such written notice. At the meeting the Parties will attempt in good faith to resolve the differences. If the Parties are unable to reach a resolution of the differences the Bond Insurers will have the right to bring an enforcement action in the Bankruptcy Court.

#### Section 2.12. Legal Opinions.

Bond counsel will provide at closing customary legal opinions relating to the validity, priority and enforceability of any MFA transaction in form and substance reasonably satisfactory to the Bond Insurers; such opinions to include standard bankruptcy opinion exceptions. Bond counsel will also provide a customary opinion in form and substance reasonably satisfactory to the Bond Insurers, on the exemption of interest from Federal and State taxation of the MFA Bonds and the Municipal Obligation.



No opinion will be provided with respect to any aspect of any lien on the UTGO Bond Tax Levy.

Section 2.13. Stay of Litigation, Proofs of Claim.

(a) The Assured/NPFG Action and Ambac Action (the “**UTGO Litigation**”) as it relates to the Prior UTGO Bonds shall be stayed pending the issuance of an Approval Order or Plan Confirmation Order and the occurrence of the Effective Date, whereupon the Parties shall ask the Bankruptcy Court to dismiss the UTGO Litigation without prejudice until the Approval Order or the Plan Confirmation Order, as applicable, is a Final Order, when such dismissal shall be deemed to be with prejudice.

(b) As soon as practicable subsequent to the execution and delivery of this Agreement by each of the Parties, but in no event later than five (5) business days subsequent thereto, the Parties shall take any and all action as is appropriate to (i) stay the UTGO Litigation as provided in subsection (a) above, (ii) maintain the status quo of the Parties in the UTGO Litigation as of the execution of this Agreement, and (iii) ensure that no action (including separate litigation and any objection to proofs of claim filed by the Bond Insurers relating to the Prior UTGO Bonds) is undertaken or commenced inconsistent with seeking a stay of and maintaining the status quo of the UTGO Litigation; provided, however, that any such stay shall terminate on the first (1st) business day following termination of this Agreement.

(c) In the event (i) an Approval Motion is made by the City and denied by the Bankruptcy Court, (ii) an Approval Order is issued but is not consistent with this Agreement in any material respect or is overturned on appeal, (iii) a Plan consistent with this Agreement in all material respects is not confirmed by the Bankruptcy Court other than changes regarding payments relating to the Stub UTGO Bonds, or (iv) a Plan Confirmation Order is entered by the Bankruptcy Court but is not consistent in all material respects with this Agreement, or is overturned on appeal, then any Party (including one or more of the Bond Insurers as to such Bond Insurer or Bond Insurers) may resume the UTGO Litigation and terminate this Agreement as to such Party by written notice to the Parties.

(d) The Bond Insurers agree that all proofs of claims filed by any of them with respect to Prior UTGO Bonds shall be deemed resolved and fully satisfied by approval of this Agreement in the Plan Confirmation Order, which is a Final Order or an Approval Order, which is a Final Order, as applicable.

Section 2.14. Additional Covenants

(a) City Will Not Contest. The City shall not contest the validity or enforceability of any of the liens or interests granted under this Agreement or any of the obligations of the City set forth in this Agreement.



(b) Paying Agent, Master Trustee and Escrow Agent Fees.

The City shall pay the reasonable and customary fees and expenses (including reasonable attorneys' fees) of (i) the paying agent with respect to the Prior UTGO Bonds (including the paying agent relating to the Prior UTGO Bonds that are not Holders Restructured UTGO Bonds) and (ii) of the paying agent, the Master Trustee, the Debt Millage Escrow Trustee and the escrow agent identified in the Settlement Escrow Agreement in respect of all transactions contemplated by this Agreement.

(c) Further Action. To the extent that the City has not taken all

necessary action to authorize the execution, delivery and performance of this Agreement, it will do so.

### **ARTICLE III PLAN OF ADJUSTMENT AND PLAN SUPPORT**

Section 3.1. Plan Support Commitment. From and after the date hereof, and so long as the City has complied, and is complying, with its covenants and obligations under this Agreement, the Bond Insurers will each support the treatment of the Prior UTGO Bonds in the Plan by, at a hearing or in a court filing, expressing such support solely as insurers of the Prior UTGO Bonds and, if each Bond Insurer has established its right to vote, will each vote Prior UTGO Bonds and reimbursement claims in support of such Plan treatment. The Plan shall provide that such treatment, consistent with this Agreement, is the treatment for all holders of the Prior UTGO Bonds. For the absence of doubt, nothing contained in this Agreement shall require any Bond Insurer to support or vote for the treatment of any class of claims under the Plan other than the UTGO Bonds.

Section 3.2. Solicitation Required in Connection with Plan.

Notwithstanding anything contained in this Article III or elsewhere in this Agreement to the contrary, this Agreement is not, and shall not be deemed to be, a solicitation of acceptances of the Plan. The City and the Bond Insurers acknowledge and agree that the acceptance of the Plan will not be solicited until the Bankruptcy Court has approved the Disclosure Statement and related ballots, and such Disclosure Statement and ballots have been transmitted to parties entitled to receive same.

Section 3.3. Plan Document Provisions. All Plan Documents, as they relate to the settlement embodied in this Agreement must (i) be in form and substance reasonably satisfactory to the Bond Insurers and to the City and be consistent with this Agreement, (ii) provide that the Plan treatment for Prior UTGO Bonds is part of a settlement of the pending UTGO Litigation.



## ARTICLE IV DEFAULTS AND REMEDIES

Section 4.1. Events of Default. The breach by any Party of any material agreement or covenant set forth in this Agreement or the Settlement Escrow Agreement will be an event of default ("Event of Default") under this Agreement.

Section 4.2. Remedies. The Parties acknowledge and agree that a breach of the provisions of this Agreement by any Party would cause irreparable damage to the other Parties and that such other Parties would not have an adequate remedy at law for such damage. Therefore, the obligations of the Parties set forth in this Agreement and the Settlement Escrow Agreement shall be enforceable by an order compelling specific performance issued by the Bankruptcy Court, and appropriate injunctive relief may be applied for and granted in connection therewith. Upon an Event of Default by the City, any Bond Insurer will have the right to compel immediate payment of amounts held under the Settlement Escrow Agreement by order of the Bankruptcy Court. Such remedies shall be cumulative and not exclusive and shall be in addition to any other remedies that the Parties may have under this Agreement, the Settlement Escrow Agreement or otherwise. Any Bond Insurer may exercise its rights hereunder on its own. Consistent with Section 904 of the Bankruptcy Code, the City hereby consents to the Bankruptcy Court enforcing the terms of this Agreement and the Settlement Escrow Agreement.

### Section 4.3. Termination.

(a) This Agreement may be terminated by the mutual agreement of all of the Bond Insurers upon an Event of Default caused by the City. This Agreement may be terminated by less than all of the Bond Insurers as to such Bond Insurer or Bond Insurers upon an Event of Default caused by the City if (i) an action or proceeding seeking to enforce the material agreement or covenant purported to be breached is brought by one or more Bond Insurers before the Bankruptcy Court, (ii) the Bankruptcy Court, after notice and a hearing, finds that an Event of Default caused by the City has occurred and (iii) either (A) the Bankruptcy Court declines to issue an order compelling specific performance by the City of the applicable agreement or covenant purported to be breached or (B) the Bankruptcy Court issues such an order compelling specific performance but the City fails to comply with the order.

(b) This Agreement may be terminated by the City if any of the Bond Insurers fails to (i) support the Plan with respect to Class 8 – UTGO Claims or (ii) if it has the right to vote its Class 8 Claims as determined by the voting procedures process approved by the Bankruptcy Court in an order entered on March 11, 2014 (Docket No. 2984) (as such order may have been amended from time to time), vote its Class 8 Claims to accept the Plan. This Agreement may be terminated by the City upon an Event of Default caused by the Bond Insurers, or any of them, if (i) an action or proceeding seeking to enforce the material agreement or covenant purported to be breached is brought by the City before the Bankruptcy Court, (ii) the Bankruptcy Court finds, after



notice and a hearing, that an Event of Default caused by the applicable Bond Insurer has occurred and (iii) either (A) the Bankruptcy Court declines to issue an order compelling specific performance by the applicable Bond Insurer of the applicable agreement or covenant purported to be breached or (B) the Bankruptcy Court issues such an order compelling specific performance but the applicable Bond Insurer fails to comply with the order.

(c) Upon any such termination, any Party (including one or more of the Bonds Insurers as to such Bond Insurer or Bond Insurers) may resume the UTGO Litigation unless it has been previously dismissed with prejudice or has been previously deemed dismissed with prejudice.

## **ARTICLE V REPRESENTATIONS AND WARRANTIES**

Section 5.1. Representations and Warranties of the City. The City represents and warrants to the Bond Insurers that:

- (a) It is a municipal corporation of the State of Michigan.
- (b) It has the power to execute and deliver this Agreement and to perform its obligations hereunder and it has taken or will take all necessary action to authorize such execution, delivery and performance.
- (c) Such execution, delivery and performance do not violate or conflict with any law applicable to it, any order or judgment of any court or other agency of government applicable to it, or any material agreements specifically applicable to it or any of its assets.
- (d) Other than (i) approvals by the MFA, the State Treasurer, the execution of the Emergency Manager Order, and the approvals required by Section 19 of Act 436 to be obtained prior to delivery of the Municipal Obligation, all of which the City reasonably expects to be obtained prior to the Effective Date, and (ii) the approval of the Bankruptcy Court, all governmental and Emergency Manager consents and approvals that are required to have been obtained by it as of the date of execution of this Agreement with respect to the execution, delivery and performance of this Agreement have been obtained and are in full force and effect and all conditions of any such consents and approvals have been complied with.

Section 5.2. Representations and Warranties of the Bond Insurers. Each of the Bond Insurers represents to the City that:

- (a) It is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation.



(b) It has the power to execute and deliver this Agreement and to perform its obligations under this Agreement and it has taken all necessary corporate action to authorize such execution, delivery and performance.

(c) Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it, or any agreements specifically applicable to it or any of its assets.

(d) All corporate or governmental consents and approvals that are required to have been obtained by it with respect to this Agreement have been obtained and are in full force and effect and all conditions of any such consents and approvals have been complied with.

(e) Each of the respective Bond Insurers had and has standing to bring and resolve the UTGO Litigation related to the Prior UTGO Bonds that it insures (Assured and NPFG represent that each had and has standing to bring and resolve the Assured/NPFG Action, and Ambac represents that it had and has standing to bring and resolve the Ambac Action).

Section 5.3. Mutual Representations and Warranties. Unless otherwise noted, each Party makes the following representations, warranties and covenants (on a several basis, with respect to such Party only) to each of the other Parties:

(a) Each person signing this Agreement warrants that he or she is legally competent and authorized to execute this Agreement on behalf of the Party whose name is subscribed at or above such person's signature.

(b) The Parties have not made any statement or representation to each other regarding any facts relied upon by them in entering into this Agreement, and each of them specifically does not rely upon any statement, representation or promise of the other Parties hereto or any other person in entering into this Agreement, except as expressly stated herein or in the exhibits hereto. Each party has relied upon its own investigation and analysis of the facts and not on any statement or representation made by any other party in choosing to enter into this Agreement and the transactions contemplated herein.

(c) The Parties and their respective attorneys have made such investigation of the facts pertaining to this Agreement and all of the matters pertaining thereto as they deem necessary.

## **ARTICLE VI EXCULPATION**

Section 6.1. Exculpation. The Plan will include the Bond Insurer Exculpated Parties as exculpated parties for acts and omissions (other than those



constituting gross negligence or willful misconduct) in connection with (i) the Plan as it relates to this Agreement and (ii) this Agreement.

Section 6.2. Releases. Upon the dismissal with prejudice or deemed dismissal with prejudice of the applicable UTGO Litigation, the Parties to the applicable UTGO Litigation shall be deemed to have released each other, and the Parties' officials, officers, directors, employees and representatives, of and from any and all claims and causes of action related to the applicable UTGO Litigation and the Prior UTGO Bonds.

Section 6.3. Defense Against Challenges. (a) Subject to the terms of Section 6.3(b) below, if, after the issuance of the Plan Confirmation Order or the Approval Order, the validity or enforceability of any term or provision of this Agreement or the Settlement-Related Documents (as they relate to the settlement set forth in this Agreement) is challenged in any action, suit or proceeding, each of the named Parties in such action, suit or proceeding shall assume its own defense of such action, suit or proceeding.

(b) If, after the issuance of the Plan Confirmation Order or the Approval Order, an action, suit or proceeding is brought, an issue in which is the validity or enforceability of the Stub UTGO Bonds, including, without limitation, a challenge to the Assigned UTGO Bond Tax Proceeds (a "**Stub UTGO Challenge**"), the City shall assume the defense of such issue in any such action, suit or proceeding. If any of the Bond Insurers are named as a party in a Stub UTGO Challenge, the City will appoint counsel to the named Bond Insurers, which may or may not be counsel to the City. In all events, such counsel must be reasonably acceptable to the named Bond Insurers, and the City will pay the reasonable costs of such counsel.

## **ARTICLE VII DISMISSAL OF CASE AND TERMINATION**

Section 7.1. Effect of Dismissal of the Bankruptcy Case. In the event the Bankruptcy Case is dismissed, any Party may at any time within 60 days after such dismissal immediately terminate this Agreement by written notice to the other Parties.

Section 7.2. Effect of Termination. In the event of the termination of this Agreement by any Party pursuant to any provisions of this Agreement, this Agreement shall become null and void and be deemed of no force and effect, with no liability on the part of any Party hereto (or of any of its elected or appointed officials, directors, officers, employees, consultants, contractors, agents, legal and financial advisors or other representatives) arising from such termination, and no Party shall have any obligations to any other Party arising out of this Agreement. Upon termination, neither this Agreement nor any terms or provisions set forth herein shall be admissible in any dispute, litigation, proceeding or controversy among the Parties and nothing contained herein shall constitute or be deemed to be an admission by any Party as to any matter, it being understood that the statements and resolutions reached herein were as a result of negotiations and compromises of the respective positions of the Parties. If this



Agreement is terminated, then no Party hereto may (i) use this Agreement, any of its terms or any discussions or negotiations conducted in respect of this Agreement, or any part of the foregoing, in the UTGO Litigation; (ii) seek discovery with respect to any of the matters described in subsection (i) in the UTGO Litigation; or (iii) seek to admit any of the matters described in subsection (i) into evidence in the UTGO Litigation.

## **ARTICLE VIII MISCELLANEOUS**

Section 8.1. Amendments. This Agreement may not be modified, amended or supplemented except by a written agreement executed by each Party to be affected by such modification, amendment or supplement.

Section 8.2. No Admission of Liability.

(a) The execution of this Agreement is not intended to be, nor shall it be construed as, an admission or evidence in any pending or subsequent suit, action, proceeding or dispute of any liability, wrongdoing, or obligation whatsoever (including as to the merits of any claim or defense) by any Party to any other Party or any other person with respect to any of the matters addressed in this Agreement.

(b) None of this Agreement (including, without limitation, the recitals and exhibits hereto), the settlement or any act performed or document executed pursuant to or in furtherance of this Agreement or the settlement: (i) is or may be deemed to be or may be used as an admission or evidence of the validity of any claim or of any wrongdoing or liability of any Party; or (ii) is or may be deemed to be or may be used as an admission or evidence of any liability, fault or omission of any Party in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal. None of this Agreement, the settlement, or any act performed or document executed pursuant to or in furtherance of this Agreement or the settlement shall be admissible in any proceeding for any purposes, except to enforce the terms of the Agreement, and except that any Party may file this Agreement in any action for any purpose, including, but not limited to, in order to support a defense or counterclaim based on the principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense of counterclaim.

Section 8.3. Good Faith Negotiations. The Parties recognize and acknowledge that each of the Parties hereto is represented by counsel, and such Party received independent legal advice with respect to the advisability of entering into this Agreement. Each of the Parties acknowledges that the negotiations leading up to this Agreement were conducted regularly and at arm's length; this Agreement is made and executed by and of each Party's own free will; that each knows all of the relevant facts and his or its rights in connection therewith, and that he or it has not been improperly influenced or induced to make this settlement as a result of any act or action on the part of any party or employee, agent, attorney or representative of any party to this



Agreement. The Parties further acknowledge that they entered into this Agreement because of their desire to avoid the further expense and inconvenience of litigation and other disputes, and to compromise permanently and settle the claims between the Parties settled by the execution of this Agreement.

Section 8.4. Rights and Remedies. Nothing in this Agreement is intended to augment or impair any rights, remedies and interests, including without limitation, liens, of any of the Parties hereto other than with respect to the Prior UTGO Bonds.

Section 8.5. Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon, or to give to, any Person other than the Parties hereto and their respective successors and assigns, any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation thereof; and the covenants, stipulations and agreements contained in this Agreement are and shall be for the sole and exclusive benefit of the Parties hereto and their respective successors and assigns.

Section 8.6. Governing Law; Retention of Jurisdiction; Service of Process. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Michigan, without giving effect to any principles of conflicts of law and applicable federal law. By its execution and delivery of this Agreement, each of the Parties hereby irrevocably and unconditionally agrees for itself that any legal action, suit or proceeding between any or all of the foregoing with respect to any matter under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, shall be brought in the Bankruptcy Court for that purpose only, and, by execution and delivery of this Agreement, each hereby irrevocably accepts and submits itself to the jurisdiction of such court, generally and unconditionally, with respect to any such action, suit or proceeding. In the event any such action, suit or proceeding is commenced, the Parties hereby agree and consent that service of process may be made, and personal jurisdiction over any Party hereto in any such action, suit or proceeding may be obtained, by service of a copy of the summons, complaint and other pleadings required to commence such action, suit or proceeding upon the Party at the address of such Party set forth in Section 8.11 hereof, unless another address has been designated by such Party in a notice given to the other Parties in accordance with Section 8.11 hereof. The City agrees that the Bankruptcy Court will have exclusive post-confirmation authority and power to enforce this Agreement and all Settlement-Related Documents and to hear and adjudicate any challenge, action, suit or proceeding brought by any third party challenging the validity or enforceability of any provision of this Agreement, until all UTGO Bonds have been paid in full and all Plan Instruments are no longer outstanding. Pursuant to Section 904 of the Bankruptcy Code, the City hereby consents to the Bankruptcy Court enforcing the terms of this Agreement and the Settlement Escrow Agreement.

Section 8.7. Headings. The headings of the Articles and Sections of this Agreement are inserted for convenience only and are not part of this Agreement and do



not in any way limit or modify the terms or provisions of this Agreement and shall not affect the interpretation hereof.

Section 8.8. Binding Agreement Successors and Assigns; Joint and Several Obligations. This Agreement shall be binding upon the execution and delivery of this Agreement by the Parties listed on the signature pages hereto. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns, administrators, constituents and representatives. The agreements, representations, covenants and obligations of the Parties under this Agreement are several only and not joint in any respect and none shall be responsible for the performance or breach of this Agreement by another.

Section 8.9. Entire Agreement. This Agreement shall constitute the full and entire agreement among the Parties with regard to the subject hereof, and supersedes all prior negotiations, representations, promises or warranties (oral or otherwise) made by any Party with respect to the subject matter hereof. No Party has entered into this Agreement in reliance on any other Party's prior representation, promise or warranty (oral or otherwise) except for those that may be expressly set forth in this Agreement.

Section 8.10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original copy of this Agreement and all of which, when taken together, shall constitute one and the same Agreement. Copies of executed counterparts transmitted by telecopy or other electronic transmission service shall be considered original executed counterparts, provided receipt of copies of such counterparts is confirmed.

Section 8.11. Notices. All demands, notices, requests, consents, and other communications hereunder shall be in writing and shall be deemed to have been duly given (a), when personally delivered by courier service or messenger, (b) upon actual receipt (as established by confirmation of receipt or otherwise) during normal business hours, otherwise on the first business day thereafter if transmitted electronically (by e-mail transmission), by facsimile or telecopier, with confirmation of receipt, or (c) three (3) Business Days after being duly deposited in the mail, by certified or registered mail, postage prepaid-return receipt requested, to the following addresses, or such other addresses as may be furnished hereafter by notice in writing, to the following Parties:

If to the City, to:

Chief Financial Officer  
City of Detroit  
1126 Coleman A. Young Municipal Center  
Two Woodward Avenue  
Detroit MI 48226  
Phone: (313) 224-3382  
Fax: (313) 224-2827



with a copy given in like manner to:

Corporation Counsel  
City of Detroit Law Department  
Coleman A. Young Municipal Center  
2 Woodward Avenue  
Detroit MI 48226  
Phone: (313) 237-3018  
Fax: (313) 224-5505

Miller, Canfield, Paddock and Stone, PLC  
150 West Jefferson, Suite 2500  
Detroit, MI 48226  
Attention: Jonathan Green  
Email: green@millercanfield.com  
Attention: Amanda Van Dusen  
Email: vandusen@millercanfield.com

If to the Bond Insurers, to:

Ambac Assurance Corporation  
One State Street Plaza  
New York, New York 10004  
Attention: Surveillance Department and General Counsel's Office  
Fax: (212) 208-3384

with a copy given in like manner to:

Arent Fox LLP  
1675 Broadway  
New York, New York 10019  
Attention: David L. Dubrow, Esq.  
Telecopy: (212) 484-3990  
Email: david.dubrow@arentfox.com

Assured Guaranty Municipal Corp and Assured Guaranty Corp.  
31 West 52<sup>nd</sup> Street  
New York, NY 10019  
Attention: Kevin J. Lyons  
Email: klyons@assuredguaranty.com  
Attention: Terence Workman  
Email: tworkman@assuredguaranty.com

with a copy given in like manner to:



Chadbourne & Parke LLP  
30 Rockefeller Plaza  
New York, NY 10112  
Attention: Lawrence A. Larose  
Fax: (212) 541-5369  
Email: llarose@chadbourne.com  
Attention: Samuel S. Kohn  
Fax: (212) 541-5369  
Email: skohn@chadbourne.com

National Public Finance Guarantee Corporation  
113 King Street  
Armonk, NY 10504  
Attention: Kenneth Epstein and William J. Rizzo  
Telecopy: (914) 765-3259  
Email: kenneth.epstein@optinuityar.com  
Email: bill.rizzo@nationalpfg.com

with a copy given in like manner to:

Sidley Austin LLP  
555 West 5th Street  
40th Floor  
Los Angeles, CA 90013  
Attention: Jeffrey E. Bjork  
Telecopy: (213) 896-6600  
Email: jbjork@sidley.com

Sidley Austin LLP  
555 California Street  
Suite 2000  
San Francisco, CA 94104  
Attention: Eric D. Tashman  
Telecopy: (415) 772-7400  
Email: etashman@sidley.com

Section 8.12. Further Assurances. Each of the Parties hereto agrees to execute and deliver, or to cause to be executed and delivered, all such instruments, and to take all such action as the other Parties may reasonably request in order to effectuate the intent and purposes of, and to carry out the terms of, this Agreement.

Section 8.13. Non-Severability of Agreement. This Agreement is to be construed as a whole, and all provisions of it are to be read and construed together. Notwithstanding anything in this Agreement, the Approval Order (if applicable) or the Plan Confirmation Order to the contrary, and in light of the integrated nature of the settlements and compromises embodied in this Agreement, in the event that (i) a court of



competent jurisdiction enters a Final Order ruling that any of the transactions contemplated in this Agreement are void, invalid, illegal or unenforceable in any material respect, (ii) any of the transactions contemplated by this Agreement are reversed, vacated, overturned, voided or unwound in any material respect, or (iii) the Approval Order or Plan Confirmation Order as it relates to the transactions contemplated in this Agreement is reversed, vacated, overturned or amended in any material respect, then in each case, the entirety of this Agreement (other than this Section 8.13) shall be void ab initio and of no force and effect and, during any subsequent proceeding, the Parties shall not assert claim preclusion, issue preclusion, estoppel or any similar defense in respect of rights and claims of the Parties that were the subject of this Agreement prior to this Agreement being of no force or effect.

(Signature page follows)



IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date set forth above.

THE CITY OF DETROIT, as Debtor

By: \_\_\_\_\_  
Name:  
Title:

AMBAC ASSURANCE CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

ASSURED GUARANTY CORP.

By: \_\_\_\_\_  
Name:  
Title:

ASSURED GUARANTY MUNICIPAL CORP.

By: \_\_\_\_\_  
Name:  
Title:

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION

By: \_\_\_\_\_  
Name:  
Title:



**Schedule 1**

**(Pro Rata Allowed Claims for Restructured UTGO Bonds and Stub UTGO Bonds)**



**Schedule 1a - Holders Restructured UTGO Bonds**

<b>Series</b>	<b>Outstanding UTGO Bond Principal</b>	<b>Restructured %</b>	<b>Holders Restructured UTGO Bond Principal</b>
UTGO1999A (Assured)	\$15,765,000	84.50%	\$13,321,425
UTGO2001A1 (National)	74,800,000	84.50%	63,206,000
UTGO2001B (National)	-	-	-
UTGO2002 (National)	6,645,000	84.50%	5,615,025
UTGO2003A (Syncora)	31,675,000	84.50%	26,765,375
UTGO2004A1 (Ambac)	39,270,000	84.50%	33,183,150
UTGO2004B1 (Ambac)	29,365,000	84.50%	24,813,425
UTGO2004B2 (Ambac)	575,000	84.50%	485,875
UTGO2005B (Assured)	42,615,000	84.50%	36,009,675
UTGO2005C (Assured)	15,525,000	84.50%	13,118,625
UTGO2008A (Assured)	55,895,000	84.50%	47,231,275
UTGO2008B1 (Assured)	18,780,000	84.50%	15,869,100
<b>Total</b>	<b>\$330,910,000</b>		<b>\$279,618,950</b>



**Schedule 1b - Insurer Owned Restructured UTGO Bonds**

Series	UTGO Bond Principal	Restructured %	Insurer Owned Restructured UTGO Bond Principal				
			Ambac	Assured	National	Syncora	Total
UTGO1999A (Assured)	\$15,765,000	2.4%	-	378,360	-	-	\$378,360
UTGO2001A1 (National)	74,800,000	2.4%	249,977	1,545,223	-	-	1,795,200
UTGO2001B (National)	-	2.4%	-	-	-	-	-
UTGO2002 (National)	6,645,000	2.4%	22,207	137,273	-	-	159,480
UTGO2003A (Syncora)	31,675,000	2.4%	99,245	613,476	-	47,479	760,200
UTGO2004A1 (Ambac)	39,270,000	2.4%	942,480	-	-	-	942,480
UTGO2004B1 (Ambac)	29,365,000	2.4%	704,760	-	-	-	704,760
UTGO2004B2 (Ambac)	575,000	2.4%	13,800	-	-	-	13,800
UTGO2005B (Assured)	42,615,000	2.4%	-	1,022,760	-	-	1,022,760
UTGO2005C (Assured)	15,525,000	2.4%	-	372,600	-	-	372,600
UTGO2008A (Assured)	55,895,000	2.4%	-	1,341,480	-	-	1,341,480
UTGO2008B1 (Assured)	18,780,000	2.4%	-	450,720	-	-	450,720
Total	\$330,910,000		\$2,032,469	\$5,861,892	\$-	\$47,479	\$7,941,840

**Schedule 2**

**(Pro Rata Payments to Bond Insurers)**



## Schedule 2 - Allocation of Amount Payable to Bond Insurers

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Insurer	Pro Rata Share
Ambac	23.209%
Assured	50.400%
National	26.391%
Total	100.000%

Exhibit A

FORM OF DEBT MILLAGE ESCROW AGREEMENT



**DEBT MILLAGE DEPOSIT ESCROW AGREEMENT  
CITY OF DETROIT, COUNTY OF WAYNE  
STATE OF MICHIGAN**

THIS ESCROW AGREEMENT (the "Agreement") dated as of the \_\_\_\_ day of \_\_\_\_\_, 2014, made by and between the City of Detroit, County of Wayne, State of Michigan (the "City") and U. S. Bank National Association, Detroit, Michigan (the "Escrow Trustee").

**WITNESSETH:**

WHEREAS, on March 1, 2013, the Governor (the "Governor") of the State of Michigan (the "State") determined that a financial emergency existed within the City pursuant to the Local Government Fiscal Responsibility Act, Act 72, Public Acts of Michigan, 1990, as amended ("Act 72"); and

WHEREAS, on March 14, 2013, the Governor confirmed that a financial emergency existed within the City and, pursuant to Act 72, assigned to the Local Emergency Financial Assistance Loan Board established pursuant to the Emergency Municipal Loan Act, Act 243 Public Acts of Michigan, 1980, as amended (the "Board") the responsibility for managing the financial emergency; and

WHEREAS, on March 14, 2013, pursuant to Act 72, the Board appointed Kevyn D. Orr as Emergency Financial Manager for the City; and

WHEREAS, by operation of law the financial emergency continues to exist within the City pursuant to the Local Financial Stability and Choice Act, Act 436, Public Acts of Michigan, 2012 ("Act 436") and the Emergency Financial Manager continues in the capacity of the Emergency Manager for the City (the "Emergency Manager"); and

WHEREAS, on July 18, 2013 (the "Petition Date"), in accordance with Act 436 and the approval of the Governor, the Emergency Manager filed on behalf of the City a petition for relief pursuant to Chapter 9 of title 11 of the United States Code, 11 U.S.C. Sections 101-1532 (as amended, the "Bankruptcy Code") in the United States Bankruptcy Court for the Eastern District of Michigan (the "Bankruptcy Court"); and

WHEREAS, as of the close of Fiscal Year 2013 (*i.e.*, June 30, 2013), the City had \$369.115 million in outstanding principal amount of unlimited tax general obligation bonds, excluding the 2010A UTGO Bonds hereinafter mentioned (the "Prior UTGO Bonds"); and

WHEREAS the City has previously issued and delivered its Distributable State Aid Second Lien Bonds (Unlimited Tax General Obligation) Series 2010A (Taxable Recovery Zone Economic Development Bonds Direct Payment) (the "2010A UTGO Bonds") which, together

with the Prior UTGO Bonds, are outstanding in the amounts, bear interest at the rates, are payable on such dates and have the redemption provisions shown on Exhibit A hereto; and

WHEREAS, more than 90% of the Prior UTGO Bonds are insured by either Ambac Assurance Corporation, Assured Guaranty Municipal Corp. or National Public Finance Guarantee Corporation (each a "Bond Insurer" and collectively, the "Bond Insurers"), as shown on Exhibit A; and

WHEREAS, the City and the Bond Insurers have entered into a settlement agreement entered into as of July \_\_, 2014 (the "UTGO Settlement Agreement"); and

WHEREAS, the City intends to restructure \$287,560,790 of the Prior UTGO Bonds which mature on or after April 1, 2015 (the "Restructured UTGO Bonds") as described below; and

WHEREAS, on \_\_\_\_, 2014, pursuant to Section 12(1) and Section 19(1) of Act 436, the Emergency Manager filed with the City Council of the City (the "City Council") his Order No. \_\_\_\_ Approval of \_\_\_\_ (Order No. \_\_\_\_), in part, to accomplish the restructuring of the Restructured UTGO Bonds as the Distributable State Aid Fourth Lien Restructured Bonds (Unlimited Tax General Obligation), Series 2014 (the "Bonds" or the "Municipal Obligation") in the amounts shown on Exhibit B attached hereto; and

WHEREAS, on \_\_\_\_, 2014, in accordance with Section 19(1) of Act 436, the City Council adopted a resolution entitled ["Resolution of the City Council of the City of Detroit, County of Wayne, State of Michigan Approving the Emergency Manager of the City of Detroit Order No. \_\_\_\_ Approval of UTGO \_\_\_\_"] (the "Council Resolution") under which the City Council approved the issuance and delivery of the Municipal Obligation to the Michigan Finance Authority ("MFA"); and

WHEREAS, the Restructured UTGO Bonds will be restructured as described in Section 2.2 of the UTGO Settlement Agreement; and

WHEREAS, on \_\_\_\_, 2014, the Bankruptcy Court issued an order approving the UTGO Settlement Agreement (the "Confirmation Order"); and

WHEREAS, the portion of the Prior UTGO Bonds not restructured through the issuance of the Municipal Obligation, which mature on or after April 1, 2015, in the principal amount of \$43,410,000 (the "Stub UTGO Bonds" and together with the 2010A UTGO Bonds, the Municipal Obligation and any Additional Bonds (defined below), the "UTGO Bonds") will be reinstated and shall remain Outstanding in the amounts and will remain payable as shown on Exhibit C hereto and as provided in Order No. \_\_\_\_; and

WHEREAS, pursuant to the Prior UTGO Bonds and the 2010A UTGO Bonds and Order No. \_\_\_\_ and Section 4a of Act 279, the City has pledged, and to the extent permitted by applicable law, including without limitation Section 12(1)(x) of Act 436, in Order No. \_\_, has created a lien upon the Debt Millage Revenues (as hereinafter defined) to pay the debt service on the UTGO Bonds; and



WHEREAS, pursuant to Section 4a of Act 279, and Section 701 of the Revised Municipal Finance Act, Act No. 34, Public Acts of Michigan, 2001, as amended, Order No. \_\_\_\_ provides for the deposit of the Debt Millage Revenues into a separate escrow account to be used for the sole purpose of paying principal of and interest on the UTGO Bonds and the administrative costs related to the deposit and escrow of Debt Millage Revenues; and

WHEREAS, in order to effectuate the pledge of the Debt Millage Revenues in favor of the owners of the UTGO Bonds, it is necessary for the City to provide for the deposit with the Escrow Trustee of the proceeds of 100% of its debt millage levy to satisfy the Debt Service Requirements to be held by the Escrow Trustee in trust, to further secure payment of the debt service on the UTGO Bonds;

NOW, THEREFORE, in consideration of the mutual undertakings, provisions and agreements herein contained, the sufficiency of which are hereby acknowledged, that in order to provide for the payment of the UTGO Bonds, for the benefit of the owners thereof and the Bond Insurers, and to secure the performance and observance of the conditions and covenants herein set forth and for other valuable consideration, the receipt of which is hereby acknowledged, the City covenants and agrees with the Escrow Trustee for the benefit of the respective owners from time to time of the UTGO Bonds and the Bond Insurers as follows:

## **ARTICLE I** **DEFINITIONS**

Section 101. Definitions. In addition to the terms defined in the preambles to this Escrow Agreement, the following terms shall have, unless the context otherwise requires, the meanings herein specified:

“Act 279” means Act No. 279, Public Acts of Michigan, 1909, as amended.

“Additional Bonds” means any series of unlimited tax general obligation bonds issued by the City on a parity as to Debt Millage Revenue levies with the 2010A UTGO Bonds, the Municipal Obligation and the Stub UTGO Bonds.

“Business Day” means a day which is not (i) a Saturday, Sunday or legal holiday on which banks located in either the State of Michigan or the state or states in which the principal corporate trust office of the Escrow Trustee, is located are authorized or required by law to be closed, or (ii) a day on which the New York Stock Exchange is closed.

“Debt Millage Deposit” or “Debt Millage Deposits” means whenever used herein singularly, each payment of Debt Millage Revenues, and collectively all payments of Debt Millage Revenues by the City to the Escrow Trustee for deposit in the UTGO Debt Millage Fund in accordance with Section 204 hereof.

“Debt Millage Revenues” means the proceeds of the debt millage levies, including interest subsidy payments received by the City in respect of the 2010A UTGO Bonds, delinquent millage payments received from Wayne County, Michigan or otherwise, pledged to and on



account of unlimited tax general obligation bonds of the City for the payment of debt service on the Prior UTGO Bonds, or after the Effective Date of the UTGO Bonds, and the 2010A UTGO Bonds and any Additional Bonds.

“Debt Retirement Schedule” means the table attached as Exhibit D hereto, showing the dates Debt Service Requirements are due and payable on each series of the UTGO Bonds.

“Debt Service Requirement” means an amount equal to the principal of and/or interest due on any series of UTGO Bonds (including the Stub UTGO Bonds) semi-annually on each payment date as set forth in Exhibit D.

“Effective Date” mean the effective date of the City’s chapter 9 plan of adjustment.

“Escrow Trustee” means initially, U.S. Bank National Association, Detroit, Michigan, or any successor in trust or assignees, as Escrow Trustee hereunder.

“Event of Default” means the breach by the City of any material agreement or covenant set forth in the UTGO Settlement Agreement or this Agreement, written notice of which has been provided by a Bond Insurer to the City and the Escrow Trustee.

“Fiscal Year” means the City’s fiscal year, commencing July 1 and ending June 30.

“General Retirement System” means the General Retirement System of the City of Detroit, \_\_\_\_\_ Fund.

“Income Stabilization Funds” means the Police & Fire Retirement System of the City of Detroit, Income Stabilization Fund, and the General Retirement System of the City of Detroit, Income Stabilization Fund.

“Master Trustee” means U. S. Bank National Association, Detroit, Michigan, as trustee under the Master Debt Retirement Trust Indenture dated as of March 1, 2010, as supplemented, between the City and the Master Trustee.

“Outstanding” when used with respect to the UTGO Bonds, means, as of the date of determination, the UTGO Bonds theretofore authenticated and delivered pursuant to the resolution, indenture and/or order for that series, except:

- (a) UTGO Bonds theretofore canceled by the trustee or paying agent for such UTGO Bonds or delivered to such trustee or paying agent for cancellation;
- (b) UTGO Bonds for whose payment money in the necessary amount, without the need for reinvestment thereof, has been theretofore deposited with the trustee or paying agent for such UTGO Bonds in trust for the registered owners of such UTGO Bonds;
- (c) UTGO Bonds delivered to the trustee or paying agent for such UTGO Bonds for cancellation in connection with (i) the exchange of such UTGO



Bonds for other bonds or (ii) the transfer of the registration of such UTGO Bonds;

- (d) UTGO Bonds alleged to have been destroyed, lost or stolen which have been paid or replaced pursuant to the resolution, indenture or order for that series or otherwise pursuant to law; and
- (e) UTGO Bonds deemed paid as provided in the resolution, indenture or order for that series.

“Permitted Investments” means those investments specified in Article III of this Escrow Agreement.

“Plan Assignees” means the Income Stabilization Funds and the General Retirement System.

“Set Aside Ledger” means the table attached as Exhibit D hereto, showing the allocation of each Debt Millage Deposit to the UTGO Debt Millage Fund in such fractional amounts determined in accordance with Section 204(a) herein.

“Stub UTGO Bonds Paying Agent” means U. S. Bank National Association, Detroit, Michigan.

“UTGO Debt Millage Fund” means the City of Detroit UTGO Debt Millage Fund created and described in Section 201 of this Agreement.

## **ARTICLE II**

### **ESTABLISHMENT OF FUNDS AND ACCOUNTS**

Section 201. Establishment of UTGO Debt Millage Fund. There is hereby created and established with the Escrow Trustee, pursuant to Order No. \_\_\_ and this Escrow Agreement, a single and common trust fund designated the “UTGO Debt Millage Fund.”

Section 202. Establishment of Accounts and Subaccounts. (a) There are hereby created within the UTGO Debt Millage Fund three (3) separate and segregated accounts, designated as follows:

1. “2010A UTGO Bonds Debt Millage Account” (“2010A UTGO Account”). The Escrow Trustee shall deposit Debt Millage Revenues allocable to the Debt Service Requirements on the 2010A UTGO Bonds, as set forth on Exhibit D, in the 2010A UTGO Account.
2. “2014 UTGO Bonds Debt Millage Account” (“2014 UTGO Bonds Account”). The Escrow Trustee shall deposit Debt Millage Revenues allocable to the Debt Service Requirements on the Municipal Obligation and the Stub UTGO Bonds, as set forth on Exhibit D, in the 2014 UTGO Bonds Account.



3. "Additional Bonds Debt Millage Account" ("Additional Bonds Account"). The Escrow Trustee shall deposit Debt Millage Revenues allocable to the Debt Service Requirements (to be reflected in a supplement to Exhibit D) on any series of Additional Bonds in a subaccount established for such series in the Additional Bonds Account pursuant to a supplement to this Agreement.

(b) There are hereby created within the 2014 UTGO Bonds Account two separate and segregated subaccounts, designated as follows:

1. The 2014 UTGO Municipal Obligation Subaccount ("2014 Municipal Obligation Subaccount").
2. The Stub UTGO Bonds Subaccount ("Stub UTGO Bonds Subaccount").

The Escrow Trustee shall allocate and deposit Debt Millage Revenues deposited in the 2014 UTGO Bonds Account among the 2014 Municipal Obligation Subaccount and the Stub UTGO Bonds Subaccount as provided in Section 204(a).

Section 203. Deposits to the UTGO Debt Millage Fund. Commencing on the Effective Date, and thereafter in accordance with the distribution schedule published by the Michigan Department of Treasury, and in any event, no less often than (x) bi-monthly during the period beginning each July 1 and ending the following March 31, and (y) monthly during the period beginning April 1 and ending the following June 30 of each year, the City shall remit the Debt Millage Revenues to the Escrow Trustee for deposit in the UTGO Debt Millage Fund. In the Order, the City has covenanted that it shall cause to be deposited with the Escrow Trustee, in accordance with the terms of this Escrow Agreement, 100% of the Debt Millage Revenues received by the City for as long as the Municipal Obligation and the Stub UTGO Bonds remain outstanding. The Escrow Trustee shall deposit any Debt Millage Revenues received by it from the City into the UTGO Debt Millage Fund and allocate such deposits in accordance with the provisions of Section 204 below.

Section 204. Allocation and Deposit. (a) Each Fiscal Year, commencing with the Effective Date and for as long as any UTGO Bonds remain outstanding, within one (1) Business Day of receipt by the Escrow Trustee of each Debt Millage Deposit, the Escrow Trustee shall set aside in the UTGO Debt Millage Fund each Debt Millage Deposit received, and make transfers from the UTGO Debt Millage Fund, as follows:

1. FIRST, a percentage of each Debt Millage Deposit received shall be allocated and set aside in each of the 2010A UTGO Account, the 2014 UTGO Bonds Account and any Additional Bonds Account that corresponds to the percentage that the Debt Service Requirement payable on the related series of UTGO Bonds as shown on Exhibit D bears to the Debt Service Requirement payable (or past due) on all UTGO Bonds on or before May 1 of each Fiscal Year until the sum of the aggregate Debt Millage Deposits (when taken together with any investment earnings on deposit) equals the Debt Service Requirement on all UTGO Bonds for such Fiscal Year. Once the Debt Service Requirement has been satisfied for all UTGO Bonds for payments due on or before May 1 of each Fiscal Year, any excess shall be allocated to the same accounts in



proportion to the Debt Service Requirements payable on such UTGO Bonds in the next Fiscal Year.

2. SECOND, the Escrow Trustee shall allocate deposits made to the 2014 UTGO Bonds Account (i) first to the 2014 Municipal Obligation Subaccount until the Debt Service Requirement payable (or past due) on the Municipal Obligation as shown on Exhibit D on or before April 1 of the then current Fiscal Year has been satisfied and (ii) second, to the Stub UTGO Bonds Subaccount until the Debt Service Requirement payable (or past due) on the Stub UTGO Bonds on or before April 1 of the then current Fiscal Year has been satisfied. Once the Debt Service Requirement for all Prior UTGO Bonds has been satisfied for the then current Fiscal Year, any excess shall be allocated first to the 2014 Municipal Obligation Subaccount for application to the next Fiscal Year's Debt Service Requirements for the Municipal Obligation and then to the next Fiscal Year's Debt Service Requirements for the Stub UTGO Bonds.

3. THIRD, within three Business Days after a deposit is made to any account or subaccount in the UTGO Debt Millage Fund the Escrow Trustee shall transfer the funds in such account or subaccount as follows:

(a) Funds on deposit in the 2010A UTGO Debt Millage Account shall be transferred to the Master Trustee for application to Debt Service Requirements for the 2010A UTGO Bonds.

(b) Funds on deposit in the 2014 Municipal Obligation Subaccount shall be transferred to the Master Trustee for deposit in the Series 2014 Tax Levy Account for application to Debt Service Requirements for the Municipal Obligation.

(c) Funds on deposit in the Stub UTGO Bonds Subaccount shall be transferred to the Plan Assignees pursuant to the direction and in the amounts shown on Exhibit F. In the event insufficient funds are on deposit in the Stub UTGO Bonds Subaccount on the date set for any transfer, the Escrow Trustee shall allocate and transfer the funds then on deposit in the Stub UTGO Bonds Subaccount to the Plan Assignees pro rata, in proportion to the amount due to each Plan Assignee on such date.

(d) Funds on deposit in the Additional Bonds Account shall be transferred to the paying agent or trustee for the related series of Additional Bonds.

(b) The Escrow Trustee shall keep and maintain a ledger on its books and records showing each Debt Millage Deposit into the Debt Millage Fund of the UTGO Debt Millage Fund, all transfers of funds from one account to another or from the UTGO Debt Millage Fund to the Master Trustee or the Income Stabilization Funds or the paying agent or trustee for any Additional Bonds, which ledger shall be substantially in the form attached hereto as Exhibit D-2 (the "Set Aside Ledger"). Not later than one (1) Business Days after the receipt of each Debt Millage Deposit, the Escrow Trustee shall promptly confirm electronically or in writing to the



City the receipt of each Debt Millage Deposit and provide with such notice a copy of the Set Aside Ledger which shall include the deposit entries for the then most recent Debt Millage Deposit, all prior deposits for the Fiscal Year and entries for any inter-fund transfers during the Fiscal Year. While any of the Municipal Obligation or the Stub UTGO Bonds remains Outstanding, upon request of the Bond Insurers, the Escrow Trustee shall furnish a copy of the Set Aside Ledger to the Bond Insurers.

(c) Upon receipt of the Set Aside Ledger from the Escrow Trustee, the Finance Director of the City shall allocate on the books and records of the City a fractional amount of each Debt Millage Deposit shown in the Set Aside Ledger equal to the percentage of each Debt Millage Deposit that corresponds to the Debt Service Requirement by the City for the payment of that portion of debt service due on the UTGO Bonds in accordance with the ratios of the Debt Service Requirements for each series of UTGO Bonds to the total Debt Service Requirement for all UTGO Bonds set forth in Exhibit D hereto.

### **ARTICLE III** **INVESTMENT OF FUNDS**

Section 301. Permitted Investments. All money held by the Escrow Trustee pursuant to this Agreement shall be invested by the Escrow Trustee, without the need for further direction by the City, in accordance with written instructions from the City in mutual funds registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 USC 80a-1 to 80a-3 and 80a-4 to 80a-64, that have been rated at the time of purchase within the highest classification established by not less than two standard rating services and so long as the portfolio of such mutual funds is limited to bonds, and other obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by the full faith and credit of the United States. In the absence of written direction delivered to the Escrow Trustee by the City, the Escrow Trustee shall hold funds uninvested. The Escrow Trustee shall be entitled to rely on any written direction from the City as to the suitability and legality of the directed investment.

### **ARTICLE IV** **THE ESCROW TRUSTEE**

Section 401. Powers and Duties of Escrow Trustee. (a) The Escrow Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, and shall be entitled to act upon the opinion or advice of its counsel concerning all matters hereof, and may in all cases be reimbursed hereunder for reasonable compensation paid to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trust hereof. The Escrow Trustee may act upon an opinion of counsel and shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance upon such opinion of counsel.

(b) The Escrow Trustee shall not be responsible for any recital herein, or for the validity of the execution by the City of this Escrow Agreement, or of any supplements thereto or



instruments of further assurance, or for the validity or sufficiency of, or filing of documents related to the security for the UTGO Bonds intended to be secured hereby.

(c) The Escrow Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Escrow Agreement .

(d) The Escrow Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons.

(e) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Escrow Trustee shall be entitled to rely upon a certificate believed in good faith to be genuine and correct, signed on behalf of the City by an authorized officer of the City as sufficient evidence of the facts therein contained. The Escrow Trustee may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(f) The permissive right of the Escrow Trustee to do things enumerated in this Escrow Agreement, as amended, shall not be construed as a duty and the Escrow Trustee shall not be answerable for other than its gross negligence or willful misconduct. The immunities and exceptions from liability of the Escrow Trustee shall extend to its officers, directors, employees and agents.

(g) The Escrow Trustee shall not be required to give any bond or surety in respect to the execution of its rights and obligations hereunder.

(h) All moneys received by the Escrow Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purpose for which they were received, but need not be segregated from other funds except to the extent required by this Escrow Agreement, as amended, or by law. The Escrow Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(i) The Escrow Trustee shall not be under any obligation to initiate any suit or to take any remedial proceeding under this Escrow Agreement or to take any steps in the execution of the trusts created by this Escrow Agreement or in the enforcement of any rights and powers under this Escrow Agreement until it has been indemnified to its satisfaction against any and all fees, costs and expenses and other reasonable disbursements and against all liability.

(j) The Escrow Trustee shall have no responsibility or liability with respect to any information, statement or recital in any official statement, offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the UTGO Bonds, except for liability for its own gross negligence or willful misconduct.

(k) The Escrow Trustee may become the holder of any of the UTGO Bonds with the same rights it would have if it were not Escrow Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of holders, whether or



not such committee shall represent the holders of a majority in principal amount of any of the UTGO Bonds of such series then outstanding.

(l) The Escrow Trustee shall not be liable for any error of judgment made in good faith by any of its officers, employees, agents or representatives, unless it shall be proved that the Escrow Trustee was negligent in ascertaining the pertinent facts.

(m) The Escrow Trustee has no obligation or liability to the holders for the payment of interest on, principal of or redemption premium, if any, with respect to the UTGO Bonds from its own funds; but rather the Escrow Trustee's obligations shall be limited to the performance of its duties hereunder.

(n) Whether or not therein expressly so provided, every provision of this Agreement or related documents, relating to the conduct or affecting the liability of or affording protection to the Escrow Trustee shall be subject to the provisions of this Article.

Section 402. Fees and Expenses of Escrow Trustee. (a) The Escrow Trustee shall be entitled to reasonable fees for services rendered under this Escrow Agreement, as amended, and shall be reimbursed for all expenses reasonably incurred in connection with such services. Such fees and expenses shall be payable by the City and shall be determined in accordance with the Fee Schedule attached as Exhibit E of this Agreement or as otherwise may be agreed to by the City and the Escrow Trustee.

(b) The City shall be liable for all fees, expenses, charges, losses, costs, liabilities and damages incurred by the Escrow Trustee pursuant to this Agreement except for those which are adjudicated to have resulted from the gross negligence or willful misconduct of the Escrow Trustee, and shall pay such amounts to or at the direction of the Escrow Trustee.

Section 403. Resignation; Appointment of Successor Escrow Trustee; Successor Escrow Trustee Upon Merger, Consolidation or Sale. (a) The Escrow Trustee and any successor Escrow Trustee may resign only upon giving 60 days' prior written notice to the City and, while any of the Municipal Obligation or the Stub UTGO Bonds remains Outstanding, the Bond Insurers. Such resignation shall take effect only upon the appointment of a successor Escrow Trustee as described in Section 403(b) below and the acceptance of such appointment by the successor Escrow Trustee. Upon appointment of a successor Escrow Trustee, the resigning Escrow Trustee shall, after payment of its fees, costs and expenses, assign all of its right, title and interest in the Debt Millage Revenues, and transfer and assign its right, title and interest in the Escrow Agreement to the successor Escrow Trustee. The successor Escrow Trustee shall meet the requirements of Section 403(b) below and shall accept in writing its duties and responsibilities hereunder and file such acceptance with the City.

(b) In case the Escrow Trustee shall give notice of resignation or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public office or offices, or of a receiver appointed by a court, a successor may with the prior written consent of the City (so long as no Event of Default shall have occurred and be continuing under this Escrow Agreement ) and, while any of the Municipal Obligation or the Stub UTGO Bonds remains



Outstanding, the Bond Insurers, be appointed by the owners of a majority in aggregate principal amount of UTGO Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their duly authorized attorneys in fact, a copy of which shall be delivered personally or sent by first class mail, postage prepaid, to the City, the retiring Escrow Trustee, and the successor Escrow Trustee, which, while any of the Municipal Obligation or the Stub UTGO Bonds remains Outstanding must be acceptable to the Bond Insurers insuring such Outstanding Bonds. In the absence of an appointment by the bondholders, the City may appoint a successor Escrow Trustee, by an instrument in writing signed by an authorized officer of the City, a copy of which shall be delivered personally or sent by first class mail, postage prepaid, to the retiring Escrow Trustee and the successor Escrow Trustee. If the owners of the UTGO Bonds and the City fail to so appoint a successor Escrow Trustee, hereunder within thirty (30) days after the Escrow Trustee has given notice of its resignation, has been removed, has been dissolved, has otherwise become incapable of acting hereunder or has been taken under control by a public officer or receiver, the Escrow Trustee shall have the right to petition a court of competent jurisdiction to appoint a successor hereunder. Every such Escrow Trustee appointed pursuant to the provisions of this Section 403(b) (i) shall at all times be a bank having trust powers or a trust company, (ii) shall at all times be organized and doing business under the laws of the United States of America or of any state, (iii) shall have, or be wholly owned by an entity having, a combined capital and surplus of at least \$75,000,000, (iv) shall be authorized under such laws to exercise corporate trust powers, and (v) shall be subject to supervision or examination by federal or state authority.

(c) Any corporation or association into which the Escrow Trustee may be merged or converted or with or into which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any merger, conversion, sale, consolidation or transfer to which it is a party, provided such company shall be eligible under Section 403(b) hereof, shall be and become successor Escrow Trustee hereunder and shall be vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereunder as was its predecessor, without the execution or filing of any instrument or any further act on the part of any of the parties hereto.

Section 404. Removal of Escrow Trustee. The Escrow Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Escrow Trustee and signed by the City; provided that if an Event of Default has occurred and is continuing hereunder, then, while any of the Municipal Obligation or the Stub UTGO Bonds remains Outstanding, the Escrow Trustee may not be removed without the consent of the holders of a majority in aggregate principal amount of the UTGO Bonds then Outstanding and the Bond Insurers. No removal of the Escrow Trustee and no appointment of a successor Escrow Trustee shall become effective until the successor Escrow Trustee has accepted its appointment in the manner provided in Section 403 hereof. Upon such removal and the payment of its fees, costs and expenses, the Escrow Trustee shall assign to the successor Escrow Trustee all of its right, title and interest in the Trust Estate in the same manner as provided in Section 403 hereof.



## **ARTICLE V**

### **ADDITIONAL BONDS**

Section 501. Issuance of Additional Bonds. The City reserves the right to issue unlimited tax full faith and credit bonds payable on a parity basis with the pledge of the City's unlimited tax full faith and credit as security for the UTGO Bonds. While any of the Municipal Obligation or the Stub UTGO Bonds remains Outstanding, the debt millage levy with respect to any such parity bonds shall be subject to the terms of this Agreement.

Section 502. Notices Regarding Additional Bonds. The City hereby covenants to provide notice to the Escrow Trustee and, while any of the Municipal Obligation or the Stub UTGO Bonds remains Outstanding, the Bond Insurers, of the issuance of each series of Additional Bonds. The City may enter into additional agreements or supplements hereto with the Escrow Trustee to provide for the remittance of Debt Millage Revenues to the Escrow Trustee to be held and transferred for the payment of principal of and interest on any Additional Bonds pursuant to this Agreement.

Section 503. Defeasance or Redemption. The City hereby covenants to provide notice to the Escrow Trustee of the defeasance or redemption of all or any portion of the UTGO Bonds. In the event that the City issues Additional Bonds as described in Section 501 hereof, the City hereby covenants to provide notice to the Escrow Trustee of the defeasance or redemption of all or any portion of the Additional Bonds.

## **ARTICLE VI**

### **AMENDMENTS**

Section 601. Modifications and Amendments Not Requiring Consent. Any provision of this Agreement may be amended at any time by the parties hereto, and while any of the Municipal Obligation or the Stub UTGO Bonds remains Outstanding, with the prior written consent of the Bond Insurers, for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Agreement.
- (b) To grant to or confer upon the Escrow Trustee any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Escrow Trustee.
- (c) To accomplish, implement or give effect to any other action which is authorized or required by this Agreement.
- (d) To comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to the UTGO Bonds or any Additional Bonds.
- (e) To appoint separate or successor trustees.
- (f) To provide for the deposit of Debt Millage Revenues with respect to any Additional Bonds.



- (g) To make any other change which, in the judgment of the Escrow Trustee, is not to the material prejudice of holders of the UTGO Bonds, upon the opinion of bond counsel or other professionals.
- (h) To create obligation specific Escrow Funds and sub-accounts in accordance with Article II herein for further securing and establishing deposit and set-aside requirements of all UTGO Bonds issued by the City.

Within thirty (30) days after the execution of any amendment pursuant to this Section 601, the Escrow Trustee shall cause notice thereof to be mailed, postage prepaid to the Master Trustee, the Stub UTGO Paying Agent and the trustee or paying agent for any Additional Bonds at their addresses shown in Section 701. The notice shall briefly set forth the nature of the supplement and shall state that copies thereof are on file at the corporate trust office of the Escrow Trustee for inspection by all such holders. Any such supplement so executed shall be valid and binding notwithstanding any failure of the Escrow Trustee to mail the notice herein required and notwithstanding any objections which may be received pursuant to any mailed notice.

Upon the execution of any Amendment pursuant to the provisions of this Section, this Agreement shall be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under this Agreement of the City, the Escrow Trustee, the Bond Insurers, and all registered holders of the UTGO Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

## **ARTICLE VII**

### **MISCELLANEOUS**

Section 701. Notices. Except as other provided, all notices, certificates, requests, complaints, demands or other communications under this Agreement shall be deemed sufficiently given when sent by first class mail or overnight mail postage prepaid, addressed as follows:

If to the City, to:

City of Detroit  
Coleman A. Young Municipal Center  
2 Woodward Avenue, Suite 1126  
Detroit MI 48226  
Attention: Chief Financial Officer

If to the Escrow Trustee, the Master Trustee or the Stub UTGO Bonds Paying Agent, to:

U.S. Bank National Association  
535 Griswold, Suite 550  
Detroit, Michigan 48226  
Attention: Corporate Trust Services

If to the Bond Insurers, to:

Ambac Assurance Corporation  
One State Street Plaza  
New York, New York 10004  
Attention: Surveillance Department and  
General Counsel's Office

Assured Guaranty Municipal Corp and  
Assured Guaranty Corp.  
31 West 52<sup>nd</sup> Street  
New York, NY 10019  
Attention: Kevin J. Lyons  
Attention: Terence Workman

National Public Finance Guarantee  
Corporation  
113 King Street  
Armonk, NY 10504  
Attention: Kenneth Epstein and William J.  
Rizzo

The City, the Escrow Trustee or the Bond Insurers may, by giving notice hereunder, in writing, designate any further or different addresses to which subsequent notices, certificates, requests, complaints, demands or other communications hereunder shall be sent.

Section 702. Termination. This Agreement shall terminate following delivery of written direction from the City to the Escrow Trustee to so terminate, together with written notice: (1) that all of the Municipal Obligation and the Stub UTGO Bonds have been paid in full at maturity or defeased (and for each series of UTGO Bonds that have been or are to be defeased prior to termination, such notice shall include written certification by an independent verification agent for the City that sufficient cash or obligations necessary to defease such UTGO Bonds in accordance with the applicable defeasance requirements are on deposit with the Master Trustee, in the case of the Municipal Obligation, and the Income Stabilization Funds, in the case of the Stub UTGO Bonds to be defeased, as of the date of the City's notice), and (2) that all fees owed to the Escrow Trustee have been paid in full. Upon termination of this Agreement, any money remaining on deposit in the funds and accounts created and established hereunder shall be paid to the City.

Section 703. Severability. If any one or more sections, clauses or provisions of this Escrow Agreement shall be determined by a court of competent jurisdiction to be invalid or ineffective for any reason, such determination shall in no way affect the validity and effectiveness of the remaining sections, clauses and provisions of the Agreement.

Section 704. Headings. Any headings shall be solely for convenience of reference and shall not constitute a part of the Agreement, nor shall they affect its meaning, construction or effect.



Section 705. Escrow Agreement Executed in Counterparts. This Escrow Agreement may be executed simultaneously in several counterparts, each of which shall be deemed an original, and such counterparts together shall and will constitute one and the same instrument.

Section 706. Parties Interested Herein. Nothing in this Escrow Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Escrow Trustee, the City, the Bond Insurers and the registered owners of the UTGO Bonds, any right, remedy or claim under or by reason of this Escrow Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Agreement on behalf of the City shall be for the sole and exclusive benefit of the Escrow Trustee, the City, the Bond Insurers and the registered owners of the UTGO Bonds.

IN WITNESS WHEREOF, this Escrow Agreement has been signed on behalf of the City by its Emergency Manager and U.S. Bank National Association to evidence the acceptance of the trust, has caused this Escrow Agreement to be executed in its behalf by its authorized officer, all as of the date first above written.

CITY OF DETROIT

By \_\_\_\_\_  
Kevyn D. Orr  
Its: Emergency Manager

U.S. BANK NATIONAL ASSOCIATION,  
as Escrow Trustee

By \_\_\_\_\_  
Its: \_\_\_\_\_



**EXHIBIT A**  
**DEBT RETIREMENT SCHEDULES**  
**(BY SERIES)**

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\* Subject to Mandatory Redemption



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\* Subject to Mandatory Redemption

# UTGO Bond Series Debt Retirement Schedules

C#	Maturity Date	Rate	Principal	Insurer	10/1/21	4/1/22	10/1/22	4/1/23	10/1/23	4/1/24	10/1/24	4/1/25	10/1/25	4/1/26	10/1/26	4/1/27	10/1/27	4/1/28
Interest																		
UTGO 2001-A																		
251000001	4/1/15	5.250%	\$2,850,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000002	4/1/16	5.000%	\$2,995,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000003	4/1/17	5.000%	\$3,145,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000004	4/1/18	5.000%	\$3,305,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000005	4/1/19	5.000%	\$3,470,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UTGO 2001-B																		
251000006	4/1/15	5.375%	\$5,940,000.00	NPPG	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000007	4/1/16	5.375%	\$6,260,000.00	NPPG	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000008	4/1/17	5.375%	\$6,600,000.00	NPPG	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000009	4/1/18	5.375%	\$6,950,000.00	NPPG	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000010	4/1/19	5.000%	\$14,000,000.00	NPPG	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000011	4/1/20	5.000%	\$14,000,000.00	NPPG	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000012	4/1/21	5.000%	\$14,000,000.00	NPPG	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UTGO 2002																		
251000013	4/1/21	5.125%	\$3,240,000.00	NPPG	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000014	4/1/22	5.125%	\$3,405,000.00	NPPG	\$82,253.13	\$82,253.13	\$82,253.13	\$82,253.13	\$82,253.13	\$82,253.13	\$82,253.13	\$82,253.13	\$82,253.13	\$82,253.13	\$82,253.13	\$82,253.13	\$82,253.13	\$82,253.13
UTGO 2003-A																		
251000015	4/1/15	4.000%	\$300,000.00	Synora	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000016	4/1/16	5.250%	\$2,550,000.00	Synora	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000017	4/1/17	5.250%	\$2,995,000.00	Synora	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000018	4/1/18	5.250%	\$3,150,000.00	Synora	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000019	4/1/19	5.250%	\$3,315,000.00	Synora	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000020	4/1/20	4.500%	\$3,490,000.00	Synora	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000021	4/1/21	5.250%	\$3,675,000.00	Synora	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000022	4/1/22	4.625%	\$3,860,000.00	Synora	\$11,562.50	\$11,562.50	\$11,562.50	\$11,562.50	\$11,562.50	\$11,562.50	\$11,562.50	\$11,562.50	\$11,562.50	\$11,562.50	\$11,562.50	\$11,562.50	\$11,562.50	\$11,562.50
251000023	4/1/23	5.250%	\$4,055,000.00	Synora	\$93,581.25	\$93,581.25	\$93,581.25	\$93,581.25	\$93,581.25	\$93,581.25	\$93,581.25	\$93,581.25	\$93,581.25	\$93,581.25	\$93,581.25	\$93,581.25	\$93,581.25	\$93,581.25
251000024	4/1/24	4.625%	\$4,250,000.00	Synora	\$34,687.50	\$34,687.50	\$34,687.50	\$34,687.50	\$34,687.50	\$34,687.50	\$34,687.50	\$34,687.50	\$34,687.50	\$34,687.50	\$34,687.50	\$34,687.50	\$34,687.50	\$34,687.50
251000025	4/1/25	5.250%	\$4,455,000.00	Synora	\$72,843.75	\$72,843.75	\$72,843.75	\$72,843.75	\$72,843.75	\$72,843.75	\$72,843.75	\$72,843.75	\$72,843.75	\$72,843.75	\$72,843.75	\$72,843.75	\$72,843.75	\$72,843.75
251000026	4/1/26	5.250%	\$4,670,000.00	Synora	\$107,531.25	\$107,531.25	\$107,531.25	\$107,531.25	\$107,531.25	\$107,531.25	\$107,531.25	\$107,531.25	\$107,531.25	\$107,531.25	\$107,531.25	\$107,531.25	\$107,531.25	\$107,531.25
UTGO 2004-A(1)																		
251000027	4/1/19	5.250%	\$4,500,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000028	4/1/20	4.250%	\$4,685,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000029	4/1/21	5.250%	\$6,085,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000030	4/1/22	5.000%	\$6,290,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-
251000031	4/1/23	5.250%	\$6,500,000.00	Ambac	\$181,912.50	\$181,912.50	\$181,912.50	\$181,912.50	\$181,912.50	\$181,912.50	\$181,912.50	\$181,912.50	\$181,912.50	\$181,912.50	\$181,912.50	\$181,912.50	\$181,912.50	\$181,912.50
251000032	4/1/24	4.500%	\$6,720,000.00	Ambac	\$8,437.50	\$8,437.50	\$8,437.50	\$8,437.50	\$8,437.50	\$8,437.50	\$8,437.50	\$8,437.50	\$8,437.50	\$8,437.50	\$8,437.50	\$8,437.50	\$8,437.50	\$8,437.50
251000033	4/1/25	5.250%	\$6,950,000.00	Ambac	\$181,650.00	\$181,650.00	\$181,650.00	\$181,650.00	\$181,650.00	\$181,650.00	\$181,650.00	\$181,650.00	\$181,650.00	\$181,650.00	\$181,650.00	\$181,650.00	\$181,650.00	\$181,650.00
251000034	4/1/26	4.600%	\$7,185,000.00	Ambac	\$18,055.00	\$18,055.00	\$18,055.00	\$18,055.00	\$18,055.00	\$18,055.00	\$18,055.00	\$18,055.00	\$18,055.00	\$18,055.00	\$18,055.00	\$18,055.00	\$18,055.00	\$18,055.00
251000035	4/1/27	5.250%	\$7,430,000.00	Ambac	\$180,862.50	\$180,862.50	\$180,862.50	\$180,862.50	\$180,862.50	\$180,862.50	\$180,862.50	\$180,862.50	\$180,862.50	\$180,862.50	\$180,862.50	\$180,862.50	\$180,862.50	\$180,862.50
251000036	4/1/28	5.250%	\$7,685,000.00	Ambac	\$350,917.50	\$350,917.50	\$350,917.50	\$350,917.50	\$350,917.50	\$350,917.50	\$350,917.50	\$350,917.50	\$350,917.50	\$350,917.50	\$350,917.50	\$350,917.50	\$350,917.50	\$350,917.50
251000037	4/1/29	5.250%	\$7,950,000.00	Ambac	\$389,005.00	\$389,005.00	\$389,005.00	\$389,005.00	\$389,005.00	\$389,005.00	\$389,005.00	\$389,005.00	\$389,005.00	\$389,005.00	\$389,005.00	\$389,005.00	\$389,005.00	\$389,005.00
251000038	4/1/30	5.250%	\$8,225,000.00	Ambac	\$428,092.50	\$428,092.50	\$428,092.50	\$428,092.50	\$428,092.50	\$428,092.50	\$428,092.50	\$428,092.50	\$428,092.50	\$428,092.50	\$428,092.50	\$428,092.50	\$428,092.50	\$428,092.50
251000039	4/1/31	5.250%	\$8,510,000.00	Ambac	\$467,180.00	\$467,180.00	\$467,180.00	\$467,180.00	\$467,180.00	\$467,180.00	\$467,180.00	\$467,180.00	\$467,180.00	\$467,180.00	\$467,180.00	\$467,180.00	\$467,180.00	\$467,180.00
251000040	4/1/32	5.250%	\$8,805,000.00	Ambac	\$506,267.50	\$506,267.50	\$506,267.50	\$506,267.50	\$506,267.50	\$506,267.50	\$506,267.50	\$506,267.50	\$506,267.50	\$506,267.50	\$506,267.50	\$506,267.50	\$506,267.50	\$506,267.50
251000041	4/1/33	5.250%	\$9,100,000.00	Ambac	\$545,355.00	\$545,355.00	\$545,355.00	\$545,355.00	\$545,355.00	\$545,355.00	\$545,355.00	\$545,355.00	\$545,355.00	\$545,355.00	\$545,355.00	\$545,355.00	\$545,355.00	\$545,355.00
251000042	4/1/34	5.250%	\$9,405,000.00	Ambac	\$584,442.50	\$584,442.50	\$584,442.50	\$584,442.50	\$584,442.50	\$584,442.50	\$584,442.50	\$584,442.50	\$584,442.50	\$584,442.50	\$584,442.50	\$584,442.50	\$584,442.50	\$584,442.50
251000043	4/1/35	5.250%	\$9,710,000.00	Ambac	\$623,530.00	\$623,530.00	\$623,530.00	\$623,530.00	\$623,530.00	\$623,530.00	\$623,530.00	\$623,530.00	\$623,530.00	\$623,530.00	\$623,530.00	\$623,530.00	\$623,530.00	\$623,530.00
251000044	4/1/36	5.250%	\$10,015,000.00	Ambac	\$662,617.50	\$662,617.50	\$662,617.50	\$662,617.50	\$662,617.50	\$662,617.50	\$662,617.50	\$662,617.50	\$662,617.50	\$662,617.50	\$662,617.50	\$662,617.50	\$662,617.50	\$662,617.50
251000045	4/1/37	5.250%	\$10,320,000.00	Ambac	\$701,705.00	\$701,705.00	\$701,705.00	\$701,705.00	\$701,705.00	\$701,705.00	\$701,705.00	\$701,705.00	\$701,705.00	\$701,705.00	\$701,705.00	\$701,705.00	\$701,705.00	\$701,705.00
251000046	4/1/38	5.250%	\$10,625,000.00	Ambac	\$740,792.50	\$740,792.50	\$740,792.50	\$740,792.50	\$740,792.50	\$740,792.50	\$740,792.50	\$740,792.50	\$740,792.50	\$740,792.50	\$740,792.50	\$740,792.50	\$740,792.50	\$740,792.50
251000047	4/1/39	5.250%	\$10,930,000.00	Ambac	\$779,880.00	\$779,880.00	\$779,880.00	\$779,880.00	\$779,880.00	\$779,880.00	\$779,880.00	\$779,880.00	\$779,880.00	\$779,880.00	\$779,880.00	\$779,880.00	\$779,880.00	\$779,880.00
251000048	4/1/40	5.250%	\$11,235,000.00	Ambac	\$818,967.50	\$818,967.50	\$818,967.50	\$818,967.50	\$818,967.50	\$818,967.50	\$818,967.50	\$818,967.50	\$818,967.50	\$818,967.50	\$818,967.50	\$818,967.50	\$818,967.50	\$818,967.50
251000049	4/1/41	5.250%	\$11,540,000.00	Ambac	\$858,055.00	\$858,055.00	\$858,055.00	\$858,055.00	\$858,055.00	\$858,055.00	\$858,055.00	\$858,055.00	\$858,055.00	\$858,055.00	\$858,055.00	\$858,055.00	\$858,055.00	\$858,055.00
251000050	4/1/42	5.250%	\$11,845,000.00	Ambac	\$897,142.50	\$897,142.50	\$897,142.50	\$897,142.50	\$897,142.50	\$897,142.50	\$897,142.50	\$897,142.50	\$897,142.50	\$897,142.50	\$897,142.50	\$897,142.50	\$897,142.50	\$897,142.50
251000051	4/1/43	5.250%	\$12,150,000.00	Ambac	\$936,230.00	\$936,230.00	\$936,230.00	\$936,230.00	\$936,230.00	\$936,230.00	\$936,230.00	\$936,230.00	\$936,230.00	\$936,230.00	\$936,230.00	\$936,230.00	\$936,230.00	\$936,230.00
251000052	4/1/44	5.250%	\$12,455,000.00	Ambac	\$975,317.50	\$975,317.50	\$975,317.50	\$975,317.50	\$975,317.50	\$975,317.50	\$975,317.50	\$975,317.50	\$975,317.50	\$975,317.50	\$975,317.50	\$975,317.50	\$975,317.50	\$975,317.50
251000053	4/1/45	5.250%	\$12,760,000.00	Ambac	\$1,014,405.00	\$1,014,405.00	\$1,014,405.00	\$1,014,405.00	\$1,014,405.00	\$1,014,405.00	\$1,014,405.00	\$1,014,405.00	\$1,014,405.00	\$1,014,405.00	\$1,014,405.00	\$1,014,405.00	\$1,014,405.00	\$1,014,405.00
251000054	4/1/46	5.250%	\$13,065,000.00	Ambac	\$1,053,492.50													



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\* Subject to Mandatory Redemption

# UTGO Bond Series Debt Retirement Schedules

CUSIP	Maturity Date	Rate	Principal	Insurer	10/1/28	4/1/29	10/1/29	4/1/30	10/1/30	4/1/31	10/1/31	4/1/32	10/1/32	4/1/33	10/1/33	4/1/34	10/1/34	4/1/35	Total Interest	Total Principal & Interest
Interest																				
UTGO 001-A																				
25100433	4/1/15	5.250%	\$2,500,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$149,625.00	\$2,649,625.00
25100433	4/1/16	5.000%	\$2,295,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$299,500.00	\$2,594,500.00
25100433	4/1/17	5.000%	\$3,145,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$471,750.00	\$3,616,750.00
25100433	4/1/18	5.000%	\$3,305,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$661,000.00	\$3,966,000.00
25100433	4/1/19	5.000%	\$3,470,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$867,500.00	\$4,337,500.00
25100433	4/1/20	5.000%	\$3,645,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$1,087,500.00	\$4,732,500.00
25100433	4/1/21	5.000%	\$3,830,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$1,337,500.00	\$5,167,500.00
25100433	4/1/22	5.000%	\$4,025,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$1,607,500.00	\$5,632,500.00
25100433	4/1/23	5.000%	\$4,230,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$1,897,500.00	\$6,127,500.00
25100433	4/1/24	5.000%	\$4,445,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$2,207,500.00	\$6,652,500.00
25100433	4/1/25	5.000%	\$4,670,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$2,527,500.00	\$7,177,500.00
25100433	4/1/26	5.000%	\$4,905,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$2,867,500.00	\$7,712,500.00
25100433	4/1/27	5.000%	\$5,150,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$3,227,500.00	\$8,257,500.00
25100433	4/1/28	5.000%	\$5,405,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$3,607,500.00	\$8,812,500.00
25100433	4/1/29	5.000%	\$5,670,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$4,007,500.00	\$9,377,500.00
25100433	4/1/30	5.000%	\$5,945,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$4,427,500.00	\$9,952,500.00
25100433	4/1/31	5.000%	\$6,230,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$4,867,500.00	\$10,537,500.00
25100433	4/1/32	5.000%	\$6,525,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$5,327,500.00	\$11,132,500.00
25100433	4/1/33	5.000%	\$6,830,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$5,807,500.00	\$11,737,500.00
25100433	4/1/34	5.000%	\$7,145,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$6,307,500.00	\$12,352,500.00
25100433	4/1/35	5.000%	\$7,470,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$6,827,500.00	\$12,977,500.00
25100433	4/1/36	5.000%	\$7,805,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$7,377,500.00	\$13,612,500.00
25100433	4/1/37	5.000%	\$8,150,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$7,947,500.00	\$14,257,500.00
25100433	4/1/38	5.000%	\$8,505,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$8,537,500.00	\$14,912,500.00
25100433	4/1/39	5.000%	\$8,870,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$9,147,500.00	\$15,577,500.00
25100433	4/1/40	5.000%	\$9,245,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$9,787,500.00	\$16,252,500.00
25100433	4/1/41	5.000%	\$9,630,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$10,452,500.00	\$16,937,500.00
25100433	4/1/42	5.000%	\$10,025,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$11,152,500.00	\$17,632,500.00
25100433	4/1/43	5.000%	\$10,430,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$11,877,500.00	\$18,337,500.00
25100433	4/1/44	5.000%	\$10,845,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$12,627,500.00	\$19,052,500.00
25100433	4/1/45	5.000%	\$11,270,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$13,402,500.00	\$19,777,500.00
25100433	4/1/46	5.000%	\$11,705,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$14,202,500.00	\$20,512,500.00
25100433	4/1/47	5.000%	\$12,150,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$15,027,500.00	\$21,257,500.00
25100433	4/1/48	5.000%	\$12,605,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$15,877,500.00	\$22,012,500.00
25100433	4/1/49	5.000%	\$13,070,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$16,752,500.00	\$22,777,500.00
25100433	4/1/50	5.000%	\$13,545,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$17,652,500.00	\$23,542,500.00
25100433	4/1/51	5.000%	\$14,030,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$18,577,500.00	\$24,317,500.00
25100433	4/1/52	5.000%	\$14,525,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$19,527,500.00	\$25,102,500.00
25100433	4/1/53	5.000%	\$15,030,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$20,502,500.00	\$25,897,500.00
25100433	4/1/54	5.000%	\$15,545,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$21,512,500.00	\$26,702,500.00
25100433	4/1/55	5.000%	\$16,070,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$22,542,500.00	\$27,527,500.00
25100433	4/1/56	5.000%	\$16,605,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$23,602,500.00	\$28,372,500.00
25100433	4/1/57	5.000%	\$17,150,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$24,682,500.00	\$29,227,500.00
25100433	4/1/58	5.000%	\$17,705,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$25,792,500.00	\$30,092,500.00
25100433	4/1/59	5.000%	\$18,270,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$26,932,500.00	\$30,967,500.00
25100433	4/1/60	5.000%	\$18,845,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$28,102,500.00	\$31,842,500.00
25100433	4/1/61	5.000%	\$19,430,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$29,302,500.00	\$32,727,500.00
25100433	4/1/62	5.000%	\$20,025,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$30,532,500.00	\$33,622,500.00
25100433	4/1/63	5.000%	\$20,630,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$31,382,500.00	\$34,527,500.00
25100433	4/1/64	5.000%	\$21,245,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$32,262,500.00	\$35,432,500.00
25100433	4/1/65	5.000%	\$21,870,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$33,172,500.00	\$36,347,500.00
25100433	4/1/66	5.000%	\$22,505,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$34,112,500.00	\$37,272,500.00
25100433	4/1/67	5.000%	\$23,150,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$35,082,500.00	\$38,207,500.00
25100433	4/1/68	5.000%	\$23,805,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$36,082,500.00	\$39,152,500.00
25100433	4/1/69	5.000%	\$24,470,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$37,112,500.00	\$40,107,500.00
25100433	4/1/70	5.000%	\$25,145,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$38,172,500.00	\$41,072,500.00
25100433	4/1/71	5.000%	\$25,830,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$39,262,500.00	\$42,047,500.00
25100433	4/1/72	5.000%	\$26,525,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$40,382,500.00	\$43,032,500.00
25100433	4/1/73	5.000%	\$27,230,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$41,532,500.00	\$44,027,500.00
25100433	4/1/74	5.000%	\$27,945,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$42,712,500.00	\$45,032,500.00
25100433	4/1/75	5.000%	\$28,670,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$43,922,500.00	\$46,047,500.00
25100433	4/1/76	5.000%	\$29,405,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$45,162,500.00	\$47,072,500.00
25100433	4/1/77	5.000%	\$30,150,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$46,432,500.00	\$48,107,500.00
25100433	4/1/78	5.000%	\$30,905,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$47,732,500.00	\$49,152,500.00
25100433	4/1/79	5.000%	\$31,670,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$49,062,500.00	\$50,207,500.00
25100433	4/1/80	5.000%	\$32,445,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$50,432,500.00	\$51,272,500.00
25100433	4/1/81	5.000%	\$33,230,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$51,832,500.00	\$52,347,500.00
25100433	4/1/82	5.000%	\$34,025,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$53,262,500.00	\$53,422,500.00
25100433	4/1/83	5.000%	\$34,830,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$54,712,500.00	\$54,507,500.00



# UTGO Bond Series Debt Retirement Schedules

Client	Maturity Date	Rate	Principal	Insured	10/1/28	4/1/29	10/1/29	4/1/30	10/1/30	4/1/31	10/1/31	4/1/32	10/1/32	4/1/33	10/1/33	4/1/34	10/1/34	4/1/35	10/1/35	Total Interest	Total Principal & Interest
Interest																					
UTGO 2005-B(1)																					
25100000	4/1/15	5.000%	\$8,675,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$433,750.00	\$9,108,750.00
25100000	4/1/16	5.250%	\$9,105,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$955,025.00	\$10,060,025.00
25100000	4/1/17	4.000%	\$9,280,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$36,600.00	\$9,316,600.00
25100000	4/1/17	5.250%	\$9,280,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$1,461,600.00	\$10,741,600.00
25100000	4/1/18	5.250%	\$29,000,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$3,220,000.00	\$32,220,000.00
25100000	4/1/18	5.250%	\$29,000,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$3,307,975.00	\$32,672,975.00
25100000	4/1/19	5.240%	\$575,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$69,954.00	\$644,954.00
UTGO 2005-B(2)																					
25100000	4/1/15	5.000%	\$2,790,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$114,500.00	\$2,904,500.00
25100000	4/1/16	5.000%	\$2,405,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$240,500.00	\$2,645,500.00
25100000	4/1/17	4.300%	\$2,520,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$325,000.00	\$2,845,000.00
25100000	4/1/18	5.000%	\$2,635,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$377,000.00	\$3,012,000.00
25100000	4/1/19	5.000%	\$2,765,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$691,250.00	\$3,456,250.00
25100000	4/1/20	5.000%	\$5,000,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$1,500,000.00	\$6,500,000.00
25100000	4/1/21	5.000%	\$5,000,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$1,750,000.00	\$6,750,000.00
25100000	4/1/22	5.000%	\$5,000,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$2,000,000.00	\$7,000,000.00
25100000	4/1/23	5.000%	\$5,000,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$2,250,000.00	\$7,250,000.00
25100000	4/1/24	5.000%	\$5,000,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$2,500,000.00	\$7,500,000.00
25100000	4/1/25	5.000%	\$5,000,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$2,750,000.00	\$7,750,000.00
25100000	4/1/25	5.000%	\$42,615,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$14,648,330.00	\$57,263,330.00
UTGO 2005-C																					
25100000	4/1/15	5.000%	\$2,305,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$113,250.00	\$2,418,250.00
25100000	4/1/16	5.000%	\$2,425,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$242,500.00	\$2,667,500.00
25100000	4/1/17	4.300%	\$2,545,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$326,305.00	\$2,871,305.00
25100000	4/1/18	5.000%	\$2,630,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$356,000.00	\$3,016,000.00
25100000	4/1/19	5.250%	\$2,735,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$717,937.50	\$3,452,937.50
25100000	4/1/20	5.250%	\$2,885,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$938,775.00	\$3,793,775.00
25100000	4/1/20	5.250%	\$15,525,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$2,838,767.50	\$18,363,767.50
UTGO 2006-A																					
25100000	4/1/15	5.000%	\$2,875,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$143,750.00	\$3,018,750.00
25100000	4/1/16	5.000%	\$3,015,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$301,500.00	\$3,316,500.00
25100000	4/1/17	5.000%	\$3,170,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$415,500.00	\$3,585,500.00
25100000	4/1/18	4.000%	\$3,325,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$352,000.00	\$3,677,000.00
25100000	4/1/19	5.000%	\$3,460,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$865,000.00	\$4,325,000.00
25100000	4/1/20	5.000%	\$3,630,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$1,089,000.00	\$4,719,000.00
25100000	4/1/21	5.000%	\$3,815,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$1,335,250.00	\$5,150,250.00
25100000	4/1/22	5.000%	\$4,005,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$1,602,000.00	\$5,607,000.00
25100000	4/1/23	5.000%	\$4,005,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$4,099,750.00	\$12,719,750.00
25100000	4/1/24	5.000%	\$8,520,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$12,548,750.00	\$32,528,750.00
25100000	4/1/28	5.000%	\$55,895,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$22,992,000.00	\$78,887,000.00
UTGO 2006-B(1)																					
25100000	4/1/15	5.000%	\$7,970,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$398,500.00	\$8,368,500.00
25100000	4/1/16	5.000%	\$3,440,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$344,000.00	\$3,784,000.00
25100000	4/1/17	5.000%	\$3,580,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$378,000.00	\$3,958,000.00
25100000	4/1/18	5.000%	\$3,790,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$548,000.00	\$4,338,000.00
25100000	4/1/18	5.000%	\$18,760,000.00	Assured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$2,037,500.00	\$20,797,500.00
UTGO 2006-B(2)																					
59447PCW9	11/1/14	5.125%	\$1,885,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$48,340.83	\$1,933,340.83
59447PCW7	11/1/15	5.425%	\$1,985,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$761,648.48	\$2,746,648.48
59447CY5	11/1/16	6.087%	\$2,105,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$720,328.38	\$2,825,328.38
59447CZ2	11/1/17	6.337%	\$2,240,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$496,820.80	\$2,736,820.80
59447D84	11/1/22	7.188%	\$11,900,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$6,637,758.60	\$18,537,758.60
59447D36	11/1/22	8.367%	\$17,885,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$108,522,987.58	\$126,407,287.58
59447D36	11/1/22	8.367%	\$100,000,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$116,157,984.65	\$316,157,984.65
59447D36	11/1/22	8.367%	\$100,000,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$116,157,984.65	\$316,157,984.65
59447D36	11/1/22	8.367%	\$100,000,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$116,157,984.65	\$316,157,984.65
59447D36	11/1/22	8.367%	\$100,000,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$116,157,984.65	\$316,157,984.65
59447D36	11/1/22	8.367%	\$100,000,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$116,157,984.65	\$316,157,984.65
59447D36	11/1/22	8.367%	\$100,000,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$116,157,984.65	\$316,157,984.65
59447D36	11/1/22	8.367%	\$100,000,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$116,157,984.65	\$316,157,984.65
59447D36	11/1/22	8.367%	\$100,000,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$116,157,984.65	\$316,157,984.65
59447D36	11/1/22	8.367%	\$100,000,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$116,157,984.65	\$316,157,984.65
59447D36	11/1/22	8.367%	\$100,000,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$116,157,984.65	\$316,157,984.65
59447D36	11/1/22	8.367%	\$100,000,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$116,157,984.65	\$316,157,984.65
59447D36	11/1/22	8.367%	\$100,000,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$116,157,984.65	\$316,157,984.65
59447D36	11/1/22	8.367%	\$100,000,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$116,157,984.65	\$316,157,984.65
59447D36	11/1/22	8.367%	\$100,000,000.00	Ambac	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$116,157,984.65	\$316,157,984.65

# UTGO Series - Prior Bonds

Bond Series Subject to Mandatory Redemption

Issuance: 2004-B(2)										Issuance: 2008-A									
CUSIP 251093ZK1										CUSIP 251093N63									
Date	Insurer	Fiscal Year	Mandatory Redemption Amounts	Outstanding	Rate	Interest													
10/1/14	Ambac	6/30/15	-	\$575,000.00	5.240%	\$15,065.00													
4/1/15	Ambac	6/30/15	\$155,000.00	-	5.240%	\$15,065.00													
10/1/15	Ambac	6/30/16	-	\$420,000.00	5.240%	\$11,004.00													
4/1/16	Ambac	6/30/16	\$165,000.00	-	5.240%	\$11,004.00													
10/1/16	Ambac	6/30/17	-	\$255,000.00	5.240%	\$6,681.00													
4/1/17	Ambac	6/30/17	\$170,000.00	-	5.240%	\$6,681.00													
10/1/17	Ambac	6/30/18	-	\$85,000.00	5.240%	\$2,227.00													
4/1/18	Ambac	6/30/18	\$85,000.00	-	5.240%	\$2,227.00													
Total						\$69,954.00													
Issuance: 2008-A																			
Date	Insurer	Fiscal Year	Mandatory Redemption Amounts	Outstanding	Rate	Interest													
10/1/14	Assured	6/30/15	-	\$8,620,000.00	5.000%	\$215,500.00													
4/1/15	Assured	6/30/15	-	\$8,620,000.00	5.000%	\$215,500.00													
10/1/15	Assured	6/30/16	-	\$8,620,000.00	5.000%	\$215,500.00													
4/1/16	Assured	6/30/16	-	\$8,620,000.00	5.000%	\$215,500.00													
10/1/16	Assured	6/30/17	-	\$8,620,000.00	5.000%	\$215,500.00													
4/1/17	Assured	6/30/17	-	\$8,620,000.00	5.000%	\$215,500.00													
10/1/17	Assured	6/30/18	-	\$8,620,000.00	5.000%	\$215,500.00													
4/1/18	Assured	6/30/18	-	\$8,620,000.00	5.000%	\$215,500.00													
10/1/18	Assured	6/30/19	-	\$8,620,000.00	5.000%	\$215,500.00													
4/1/19	Assured	6/30/19	-	\$8,620,000.00	5.000%	\$215,500.00													
10/1/19	Assured	6/30/20	-	\$8,620,000.00	5.000%	\$215,500.00													
4/1/20	Assured	6/30/20	-	\$8,620,000.00	5.000%	\$215,500.00													
10/1/20	Assured	6/30/21	-	\$8,620,000.00	5.000%	\$215,500.00													
4/1/21	Assured	6/30/21	-	\$8,620,000.00	5.000%	\$215,500.00													
10/1/21	Assured	6/30/22	-	\$8,620,000.00	5.000%	\$215,500.00													
4/1/22	Assured	6/30/22	-	\$8,620,000.00	5.000%	\$215,500.00													
10/1/2022	Assured	6/30/23	-	\$8,620,000.00	5.000%	\$215,500.00													
4/1/2023	Assured	6/30/23	\$4,205,000.00	-	5.000%	\$215,500.00													
10/1/2023	Assured	6/30/24	-	\$4,415,000.00	5.000%	\$110,375.00													
4/1/2024	Assured	6/30/24	\$4,415,000.00	-	5.000%	\$110,375.00													
Total						\$4,099,750.00													

Issuance: 2008-A																			
Date	Insurer	Fiscal Year	Mandatory Redemption Amounts	Outstanding	Rate	Interest													
10/1/14	Assured	6/30/15	-	\$19,980,000.00	5.000%	\$499,500.00													
4/1/15	Assured	6/30/15	-	\$19,980,000.00	5.000%	\$499,500.00													
10/1/15	Assured	6/30/16	-	\$19,980,000.00	5.000%	\$499,500.00													
4/1/16	Assured	6/30/16	-	\$19,980,000.00	5.000%	\$499,500.00													
10/1/16	Assured	6/30/17	-	\$19,980,000.00	5.000%	\$499,500.00													
4/1/17	Assured	6/30/17	-	\$19,980,000.00	5.000%	\$499,500.00													
10/1/17	Assured	6/30/18	-	\$19,980,000.00	5.000%	\$499,500.00													
4/1/18	Assured	6/30/18	-	\$19,980,000.00	5.000%	\$499,500.00													
10/1/18	Assured	6/30/19	-	\$19,980,000.00	5.000%	\$499,500.00													
4/1/19	Assured	6/30/19	-	\$19,980,000.00	5.000%	\$499,500.00													
10/1/19	Assured	6/30/20	-	\$19,980,000.00	5.000%	\$499,500.00													
4/1/20	Assured	6/30/20	-	\$19,980,000.00	5.000%	\$499,500.00													
10/1/20	Assured	6/30/21	-	\$19,980,000.00	5.000%	\$499,500.00													
4/1/21	Assured	6/30/21	-	\$19,980,000.00	5.000%	\$499,500.00													
10/1/21	Assured	6/30/22	-	\$19,980,000.00	5.000%	\$499,500.00													
4/1/22	Assured	6/30/22	-	\$19,980,000.00	5.000%	\$499,500.00													
10/1/2022	Assured	6/30/23	-	\$19,980,000.00	5.000%	\$499,500.00													
4/1/2023	Assured	6/30/23	-	\$19,980,000.00	5.000%	\$499,500.00													
10/1/2023	Assured	6/30/24	-	\$19,980,000.00	5.000%	\$499,500.00													
4/1/2024	Assured	6/30/24	-	\$19,980,000.00	5.000%	\$499,500.00													
Total						\$12,548,250.00													



# UTGO Series - 2010A

Bond Series Subject to Mandatory Redemption

CUSIP: 59447PDB4													CUSIP: 59447PDA6												
Issuance: 2010-A													Issuance: 2010-A												
Date	Insurer	Fiscal Year	Mandatory Redemption Amounts	Outstanding	Rate	Interest	Date	Insurer	Fiscal Year	Mandatory Redemption Amounts	Outstanding	Rate	Interest												
11/1/14	Ambac	6/30/15		\$13,900,000.00	7.188%	\$499,566.00	11/1/14	Ambac	6/30/15	-	\$77,885,000.00	8.369%	\$3,259,097.83												
5/1/15	Ambac	6/30/15		\$13,900,000.00	7.188%	\$499,566.00	5/1/15	Ambac	6/30/15	-	\$77,885,000.00	8.369%	\$3,259,097.83												
11/1/15	Ambac	6/30/16		\$13,900,000.00	7.188%	\$499,566.00	11/1/15	Ambac	6/30/16	-	\$77,885,000.00	8.369%	\$3,259,097.83												
5/1/16	Ambac	6/30/16		\$13,900,000.00	7.188%	\$499,566.00	5/1/16	Ambac	6/30/16	-	\$77,885,000.00	8.369%	\$3,259,097.83												
11/1/16	Ambac	6/30/17		\$13,900,000.00	7.188%	\$499,566.00	11/1/16	Ambac	6/30/17	-	\$77,885,000.00	8.369%	\$3,259,097.83												
5/1/17	Ambac	6/30/17		\$13,900,000.00	7.188%	\$499,566.00	5/1/17	Ambac	6/30/17	-	\$77,885,000.00	8.369%	\$3,259,097.83												
11/1/17	Ambac	6/30/18		\$13,900,000.00	7.188%	\$499,566.00	11/1/17	Ambac	6/30/18	-	\$77,885,000.00	8.369%	\$3,259,097.83												
5/1/18	Ambac	6/30/18		\$13,900,000.00	7.188%	\$499,566.00	5/1/18	Ambac	6/30/18	-	\$77,885,000.00	8.369%	\$3,259,097.83												
11/1/18	Ambac	6/30/19	\$2,395,000.00	\$11,505,000.00	7.188%	\$413,489.70	11/1/18	Ambac	6/30/19	-	\$77,885,000.00	8.369%	\$3,259,097.83												
5/1/19	Ambac	6/30/19		\$11,505,000.00	7.188%	\$413,489.70	5/1/19	Ambac	6/30/19	-	\$77,885,000.00	8.369%	\$3,259,097.83												
11/1/19	Ambac	6/30/20	\$2,575,000.00	\$8,930,000.00	7.188%	\$413,489.70	11/1/19	Ambac	6/30/20	-	\$77,885,000.00	8.369%	\$3,259,097.83												
5/1/20	Ambac	6/30/20		\$8,930,000.00	7.188%	\$320,944.20	5/1/20	Ambac	6/30/20	-	\$77,885,000.00	8.369%	\$3,259,097.83												
11/1/20	Ambac	6/30/21	\$2,765,000.00	\$6,165,000.00	7.188%	\$320,944.20	11/1/20	Ambac	6/30/21	-	\$77,885,000.00	8.369%	\$3,259,097.83												
5/1/21	Ambac	6/30/21		\$6,165,000.00	7.188%	\$221,570.10	5/1/21	Ambac	6/30/21	-	\$77,885,000.00	8.369%	\$3,259,097.83												
11/1/21	Ambac	6/30/22	\$2,970,000.00	\$3,195,000.00	7.188%	\$221,570.10	11/1/21	Ambac	6/30/22	-	\$77,885,000.00	8.369%	\$3,259,097.83												
5/1/22	Ambac	6/30/22		\$3,195,000.00	7.188%	\$114,828.30	5/1/22	Ambac	6/30/22	-	\$77,885,000.00	8.369%	\$3,259,097.83												
11/1/22	Ambac	6/30/23	\$3,195,000.00	\$0.00	7.188%	\$114,828.30	11/1/22	Ambac	6/30/23	-	\$77,885,000.00	8.369%	\$3,259,097.83												
5/1/23	Ambac	6/30/23		\$0.00	7.188%	\$0.00	5/1/23	Ambac	6/30/23	\$3,455,000.00	\$74,430,000.00	8.369%	\$3,259,097.83												
11/1/23	Ambac	6/30/24		\$0.00		\$6,637,758.60	11/1/23	Ambac	6/30/24	-	\$74,430,000.00	8.369%	\$3,114,523.35												
5/1/24	Ambac	6/30/24		\$0.00			5/1/24	Ambac	6/30/24	-	\$74,430,000.00	8.369%	\$3,114,523.35												
11/1/24	Ambac	6/30/25		\$0.00			11/1/24	Ambac	6/30/25	\$3,755,000.00	\$70,675,000.00	8.369%	\$2,957,395.38												
5/1/25	Ambac	6/30/25		\$0.00			5/1/25	Ambac	6/30/25	-	\$70,675,000.00	8.369%	\$2,957,395.38												
11/1/25	Ambac	6/30/26		\$0.00			11/1/25	Ambac	6/30/26	\$4,085,000.00	\$66,590,000.00	8.369%	\$2,786,438.55												
5/1/26	Ambac	6/30/26		\$0.00			5/1/26	Ambac	6/30/26	-	\$66,590,000.00	8.369%	\$2,786,438.55												
11/1/26	Ambac	6/30/27		\$0.00			11/1/26	Ambac	6/30/27	\$4,440,000.00	\$62,150,000.00	8.369%	\$2,600,666.75												
5/1/27	Ambac	6/30/27		\$0.00			5/1/27	Ambac	6/30/27	-	\$62,150,000.00	8.369%	\$2,600,666.75												
11/1/27	Ambac	6/30/28		\$0.00			11/1/27	Ambac	6/30/28	\$4,825,000.00	\$57,325,000.00	8.369%	\$2,400,666.75												
5/1/28	Ambac	6/30/28		\$0.00			5/1/28	Ambac	6/30/28	-	\$57,325,000.00	8.369%	\$2,398,764.63												
11/1/28	Ambac	6/30/29		\$0.00			11/1/28	Ambac	6/30/29	\$5,250,000.00	\$52,075,000.00	8.369%	\$2,190,078.38												
5/1/29	Ambac	6/30/29		\$0.00			5/1/29	Ambac	6/30/29	-	\$52,075,000.00	8.369%	\$2,179,078.38												
11/1/29	Ambac	6/30/30		\$0.00			11/1/29	Ambac	6/30/30	\$5,705,000.00	\$46,370,000.00	8.369%	\$1,940,352.65												
5/1/30	Ambac	6/30/30		\$0.00			5/1/30	Ambac	6/30/30	-	\$46,370,000.00	8.369%	\$1,940,352.65												
11/1/30	Ambac	6/30/31		\$0.00			11/1/30	Ambac	6/30/31	\$6,205,000.00	\$40,165,000.00	8.369%	\$1,680,704.43												
5/1/31	Ambac	6/30/31		\$0.00			5/1/31	Ambac	6/30/31	-	\$40,165,000.00	8.369%	\$1,680,704.43												
11/1/31	Ambac	6/30/32		\$0.00			11/1/31	Ambac	6/30/32	\$6,750,000.00	\$33,415,000.00	8.369%	\$1,398,250.68												
5/1/32	Ambac	6/30/32		\$0.00			5/1/32	Ambac	6/30/32	-	\$33,415,000.00	8.369%	\$1,398,250.68												
11/1/32	Ambac	6/30/33		\$0.00			11/1/32	Ambac	6/30/33	\$7,335,000.00	\$26,080,000.00	8.369%	\$1,091,317.60												
5/1/33	Ambac	6/30/33		\$0.00			5/1/33	Ambac	6/30/33	-	\$26,080,000.00	8.369%	\$1,091,317.60												
11/1/33	Ambac	6/30/34		\$0.00			11/1/33	Ambac	6/30/34	\$7,975,000.00	\$18,105,000.00	8.369%	\$757,003.73												
5/1/34	Ambac	6/30/34		\$0.00			5/1/34	Ambac	6/30/34	-	\$18,105,000.00	8.369%	\$757,003.73												
11/1/34	Ambac	6/30/35		\$0.00			11/1/34	Ambac	6/30/35	\$8,675,000.00	\$9,430,000.00	8.369%	\$594,598.35												
5/1/35	Ambac	6/30/35		\$0.00			5/1/35	Ambac	6/30/35	-	\$9,430,000.00	8.369%	\$594,598.35												
11/1/35	Ambac	6/30/36		\$0.00			11/1/35	Ambac	6/30/36	-	\$9,430,000.00	8.369%	\$594,598.35												
Total						\$6,637,758.60	Total						\$77,885,000.00	\$108,522,287.58											